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New Amsterdam Is Continuing Study Of Merger Offers

Succeeds In Deferring Hearing On Security's Offer Until Nov. 21

New Amsterdam Casualty officers and directors continue to discuss with representatives of Fidelity & Deposit the possibilities of a merger between the two companies, and a definite proposal by F.&D. is expected within the next four weeks, according to a letter to New Amsterdam Casualty stockholders signed by J. Arthur Nelson, chairman, and J. Dougherty Mahon, president.

In the meantime, New Amsterdam Casualty directors are studying the proposal of Security of Connecticut to buy 405,000 shares of New Amsterdam stock at the rate of 1.25 shares of Security for every share of New Amsterdam.

Postpone Security Hearing

Messrs. Mahon and Nelson said in their letter that they had successfully obtained the postponement of a Connecticut public hearing on the Security offer, originally scheduled for Aug. 22. The delay was requested for the purpose of analyzing the Security proposal. The New Amsterdam officials expect to complete this study by Nov. 21, the new date set for the hearing.

The letter went on to state that New Amsterdam directors had a special meeting Aug. 18 to ratify the actions taken up to that date by company officers. The directors also decided that

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Dismiss ICC Case vs Pacific Powder

Judge Solomon in U. S. district court at Portland last week dismissed the complaint against Pacific Powder Co., owner of the truck loaded with explosives that blew up at Roseburg, Ore., Aug. 7, 1959. He said the Interstate Commerce Commission's regulations governing operations in the transportation of explosives were invalid because the law on this point does not specifically mention private carriers.

Civil suits have been filed for as much as $8 million against Pacific Powder, and it is expected they will be affected by the decision.

The truck was carrying two tons of dynamite and 4½ tons of carbonitrate. The explosion killed 13 persons and caused about $12 million in property damage.

The ICC charged Pacific Powder with 191 violations of its regulations and was bringing suit for $95,500.

Civil suits against Pacific Powder have been filed by some 4,000 claimants. The powder company has obtained the right, under a bill of peace, to have all civil suits against it consolidated into one, and a hearing has been set for Sept. 20 on these claims.

Conflicting Decisions On "Severability" Clause Restore Former Confusion

By JAMES C. O'CONNOR

Two recent cases, squarely in conflict, seem to tear wide open the question of coverage, under common liability insurance provisions, of a claim or suit brought by an employe of the named insured against an additional or "omnibus" insured. For years, there had been sharp disagreement among the courts of different states over whether the usual exclusion of liability for injury to an employe of the insured applied in such cases, but it was believed that the argument had been settled—in favor of coverage—by the incorporation of the "severability" clause in standard liability provisions in 1955.

In a divided opinion, Texas supreme court reversed the civil appeals court holding for coverage in Transport of Dallas vs Standard Oil Co. of Texas. The supreme court opinion is reported in 20 CCH (Auto 2nd) 341. The appellate court decision, handed down in the summer of 1959, was the first case interpreting the "severability" clause and held for coverage, on the ground that the intent and effect of this clause was to make the employe exclusion apply only to an employe of the party seeking coverage in a particular claim, rather than to an employe of any insured under the contract.

Shortly before the reversal of the Standard Oil case, the federal district court at St. Louis, in General Aviation Supply Co. vs North America, 10 CCH (Fire & Casualty) 433, which involves an aircraft liability policy with an identical employe exclusion and "severability" clause, held for coverage under very similar circumstances.

Texas Case Analyzed

In the Texas case, Annis, an employe of a long haul trucker, brought his employer's truck, which was insured by Transport, to the premises of Standard Oil to be fueled. He was injured by an explosion which oc-

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Program Set For Insurance Symposium At U. Of Wisconsin

Registrations are being received at the University of Wisconsin school of commerce for the national Symposium on Insurance and Government scheduled for Sept. 19 and 20. The program schedule has been completed.

At the first session on Sept. 19, Robert E. Dineen, former New York superintendent and a leader in drafting important legislation following the SEUA decision in 1944, will reexamine the basic principles, philosophies, and economics which should underlie the structure of insurance supervision in this country.

Bicks Will Speak

The second session will include papers by Robert Bicks, acting assistant attorney general, discussing whether there are monopolistic conditions in the life industry and economic concentrations of power as related to federal supervision; William A. Berridge, economist Metropolitan Life, will handle the rebuttal and give his analysis of the institutional structure and competitive environment of the life insurance industry.

The third session will deal with the problems of small companies and the proper regulation and administration of liquidation activities by insurance departments. Alfred C. Bennett, special counsel New York department, will examine some of the basic problems and causes of liquidation of companies. Richard M. Heins, associate professor of insurance University of Wisconsin, will examine the possible solu-

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Pierson Is Elected Insurance Head Of American Bar Assn.

Welcome D. Pierson of Oklahoma City was elected chairman of the section on insurance, negligence and compensation law of American Bar Assn. at the annual meeting in Washington. Mr. Pierson, who is the editor of Defense Law Journal and a prominent speaker on insurance litigation, succeeds John J. Wicker of Wicker, Baker & Goddin, Richmond.

James B. Donovan of Watters & Donovan, New York and Washington, was named chairman elect, and J. Roth Crabbe, Columbus, O., vice-chairman. Lowell D. Snorf Jr., general counsel of the Lansing B. Warner reciprocals, was reelected secretary. Named section delegate was George E. Beechwood, Philadelphia. New members of the council are John M. Aherne and William L. Shumate, both of New York.

O'Mahoney Farewell Takes Form Of D.C. Revised Rating Law

Bill Against Mandatory Bureau Membership And For Independent Filings

Sen. O'Mahoney, who is retiring from Congress, has introduced as his last bill a measure to revise the fire and casualty rating laws of the District of Columbia. He said that while the bill is intended to preserve competition in insurance in the district, it does not attempt to reverse the policy of state regulation.

The bill would repeal the present separate laws regulating fire and casualty rates and would substitute a single consolidated law. Sen. O'Mahoney noted that during the anti-trust subcommittee's studies, certain defects in state regulation were revealed. Some of these basic defects were found in the District of Columbia regulatory system. For example, he said, the principal criticism of state law was directed at provisions which made membership in rating bureaus mandatory and "limited competition to cumbersome deviation procedures." The D.C. fire rate law makes bureau membership mandatory, although the casualty law, enacted after the McCarran act, does not have a similar provision. Thus, Sen. O'Mahoney's bill is an implied model for all states.

Membership Optional

The bill authorizes formation of rating bureaus by the insurance business and provides for licensing and other careful regulation of their operations by the insurance superintendent. However, membership in such rating organizations is wholly optional and

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At a planning session in Detroit, CPCU leaders complete the host chapter's blueprints for the seminars to be held Sept. 4-16 at Detroit. The meetings will also include national conferment, the annual business meeting of the membership, and a conference of the chapter presidents advisory council. From left, all from Detroit, are Robert L. Jones, R. L. Jones & Co., publicity chairman; Robert S. Anderson, General Underwriters, president Michigan chapter; Donald A. Lindow, Michigan Mutual Liability, general chairman; Leonard R. Christman, Standard Accident, budget chairman; Ella-Rachel Lyons, E. B. Lyons agency, entertainment chairman, and Frank J. Gossinger, Byrnes-McCaffrey, all-industry luncheon chairman.

U.S. Reinsurance Business Moving Slowly Toward Multi- Line Concept

By ROBERT W. DAUM Jr.

Part I

(The following essay won Mr. Daum the Anglo-American fellowship of the school of Insurance Society of New York, which is sponsored by Ben D. Cooke, head of Agency Managers Ltd., New York, and of Ben D. Cooke & Partners Ltd., London. Mr. Daum recently joined the reinsurance division of North America. He was formerly with North British.)

Robert W. Daum Jr.

California became a multiple line state in September, 1947. However, because of the effect of New York's Appleton rule, which extends New York requirements on an extraterritorial basis to the operations of any company licensed in New York, the real beginning of the multiple line era came with the passage of the multiple line law in New York in 1949 and the introduction by North America, in the fall of 1950, of a multiple peril policy for homeowners.

Multiple line underwriting as it has affected the primary companies has been extremely well covered from every aspect—from the effect that it will have on college curriculums to the effect on company finances. But there is almost a complete lack of source material dealing with the subject of multiple line reinsurance.

The purpose of this paper is to examine the developments in multiple line reinsurance in the decade since the enactment of the enabling legislation. This will include the effect on the reinsurance business, the professional reinsurers, intermediaries and the primary companies, and the reinsurance practices followed by the primary companies in the handling of the one almost universally written multiple line contract, homeowners.

Professionals' Groupings

In 1949, professional reinsurers, like the companies they serve, were divided into three groups: Those that specialized in fire (a good example would be Prudential of Great Britain), those that specialized in casualty (the largest of which at that time was Employers Re), and those already involved in multiple line operations because they had fire and casualty reinsurers under common ownership (such as American Re, General Re, and Swiss Re-North American Re). The foreign market, sans forced segmentation was also operating multiple line.

The primary companies, while in many cases operating on the fringes of

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Lemmon Explains Auto Cancellations On Swayze's Show

Cancellation of automobile policies, compulsory insurance and high rates were touched on by Vestal Lemmon, general manager National Assn. of Independent Insurers, in an interview with John C. Swayze over some 200 ABC network stations.

"How much credence can we place in stories that automobile insurance companies cancel large numbers of policies without cause?" Mr. Swayze asked.

It is absurd to say that any company, said Mr. Lemmon, would cancel large numbers of policyholders without cause. No company would want to remove desirable premiums from its books. At the same time, any reputable company has a responsibility to its policyholders not to insure the reckless, lunatic fringe. Most cancellations are made by the companies for one reason—the policyholder doesn't pay his premium. Also, companies may cancel if a policyholder is convicted of a particularly serious offense involving the use of an automobile—a felony, for example, or driving while intoxicated.

Compulsory Good?

To the question whether compulsory insurance might be good for the entire nation, Mr. Lemmon said that compulsory automobile-liability insurance has not worked in any of the three states in which it has been tried—Massachusetts, New York, and North Carolina. There is no reason to think that it would be effective in the rest of the country. It has many drawbacks. It is tremendously expensive to administer; it inevitably results in higher rates for the policyholder; and it does not mean that everyone would have insurance because there would always be insurance dodgers, hit-and-run drivers, drivers of stolen cars. No-one should be forced to buy insurance; certainly not when insurance coverage to protect against the uninsured motorist and the financially irresponsible motorist is widely sold at nominal cost.

The third question was, "Why are auto insurance rates continually going up?"

Mr. Lemmon said this was because the costs of all factors involved in auto insurance rates are going up. For example, accident frequency and severity—there are more accidents and they are more severe. Medical and hospital care costs are up 50 to 100% in the last 10 years. Auto repair costs are up 100 to 150%. Jury awards and settlements have increased. In some areas, the average amount has doubled. The rate of increase for insurance rates has lagged considerably behind the rate of increase of the several factors which actuaries use in computing rates.

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WC Rate Hearing Set In N. C.

Commissioner Gold has set a public hearing for Sept. 9 on the annual workmen's compensation filing of North Carolina Compensation Rating & Inspection Bureau.

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Mariners Club of Chicago, the first of this type of organization for the marine people to be established in the U.S., will celebrate its 25th anniversary at golf outing and banquet Sept. 16 at St. Andrews Country Club. Tickets for this beyond the ordinary event may be obtained from William Wert, National Fire.

Fake Accident Ring Disclosed In Chicago

The curtain has been rung down at Chicago on a two-year run by a fake accident ring. Credit for closing the "act" goes to the Claims Bureau of Assn. of Casualty & Surety Companies which brought the matter to the attention of the state's attorney's office. According to Paul D. Newey, chief investigator for the office, he is closing in on half a dozen lawyers and doctors as participants in the ring.

In the meantime, five persons have been arrested on charges of obtaining money under false pretenses. The racket is reported to be responsible for cheating insurance companies out of from $25,000 to $30,000 in the past two years. The majority of cases were settled out of court and the money collected was a relatively small amount per claim, $50 to $300. However, there was one large case which led to the arrest of the five persons. U.S.F.&G. paid personal injury claims on a two-car collision to the tune of $7,952 on alleged faked claims.

Usual Method Outlined

A common method of operation was to stage a typical rear-end auto collision. After selecting the victim, alone and in a good car which almost certainly would be insured, ring members would engineer the accident, and then ring members in the struck car would claim injuries and threaten to sue. The ring was also reported to be active in fake falls in stores, on sidewalks, buses, etc.

According to Assn. of Casualty & Surety Companies, elements of the same ring operated in Colorado, Kansas, New Mexico, Michigan and Texas. The association's Claims Bureau made an investigation in the southwest about a year and a half ago which uncovered fake accidents there, the trail eventually leading to Chicago.

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Chicago Burglary Underwriters Assn. and **Casualty Underwriters Assn. of Chicago** will hold their joint outing Sept. 23 at St. Andrews. Harold Bredberg, Bredberg Reports, is secretary of these organizations and is in charge of arrangements for the outing.

Blue Cross Now Has National Structure

A national Blue Cross organization structure has been established, effective Oct. 1, by action of the house of delegates of American Hospital Assn. after 18 months of study. The action provides for two separate organizations, American Hospital Assn. and Blue Cross Assn., as partners in promotion of the voluntary prepayment system.

Proponents say the move puts Blue Cross in a better competitive position with commercial insurers selling hospital covers. Local autonomy of Blue Cross plans will not be disturbed.

Blue Cross will have two seats on the American Hospital Assn. board, and the latter will be represented on the Blue Cross board. Blue Shield is not affected by the reorganization.

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Allstate's good driver auto plan has been approved in Connecticut, effective Aug. 20.

Ten Ways To Improve Personnel Management

By GUY FERGASON
Ferguson Personnel, Chicago

Business men have been exposed to many ideas, some of which purport to increase the effectiveness of personnel management. A classification of the motivations behind these suggested plans indicates three basic types of approach: One springs from a missionary influence which in substance magnifies the rights of employes as compared to their obligations; another reflects a fear of personnel shortages growing out of a tight employment market in which employers compete uneconomically for recruits; still another recognizes changing conditions, but draws on experience in order to level theory as opposed to practice. It is in the latter category that we beam our remarks.

Personnel management as a field of management specialization lends itself to a more than normal amount of variation and difference in personal opinion. Without any intended sarcasm, nearly everyone considers himself a personnel expert. Conditions have changed so radically in the past 30 years, a period often referred to as the period of recognition of personnel management as a specialized facet of management, that personnel operating principles have not fully crystallized. During this 30 year period, we have gone from a deep depression to a high level of economic activity—we have fought one world war, a limited war, and faced several near-conflicts—we have gone from an over-supply of labor to a shortage of labor, and we have moved rapidly into a technological field of accomplishment.

Methods Changed

Our problems are still the same, even though our methods have changed. We still want to hire capable people, obtain a good day's work for our payroll dollar, make a profit, and develop an organization of loyal, capable employes. Each of us has a formula—here is mine:

1. Go after the recruits. We no longer wait for applicants to call at our office. We have to "beat the bushes" for capable prospects. Employers should plan their recruiting activities. The employment counselor of a large midwestern university suggested that personal calls be made to the university in the search for recruits. He emphasized the fact that "letters of inquiry" are not effective.

2. Sell your organization as a good place to work. Let's face it, recruits have a choice. The company that gets the applicants is the company that reviews its employment picture and then sells its employment opportunities to the applicants. This assumes that there are advantages and opportunities to be sold.

3. Obtain expert counsel. In this day of competition and know-how, it is advantageous to enlist the aid of an employment and personnel expert. The expert can assist in developing the employment program—he can review the employment practices, he can develop sources of capable recruits, he can screen the applicants.

4. Screen the applicants. Most business men do not have the time to give to a thorough screening of applicants.

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TIRB Executive Unit Reviews IM Experience

INDIANAPOLIS—The executive committee of Transportation Insurance Rating Bureau met here this week to review experience under the inland marine and homeowners filings which have been made by TIRB.

E. N. Harriman, vice-president Liberty Mutual Fire and chairman of the TIRB executive committee, in a statement prepared for the meeting called attention to a reduction of almost three points in the written-paid loss ratio in 1959. The ratio of losses paid to IM premiums written for all TIRB companies was 41.5% on a total volume of nearly $25 million. The boats and outboard motors class has become the largest premium class for TIRB companies, with personal jewelry a close second. The impact of the homeowners policies appears to have resulted in a substantial reduction in writings of the personal property floater. However, premiums for personal jewelry and furs have increased substantially, apparently the result of increased scheduling of these items on homeowners policies.

HO Volume Up 50%

Homeowners premiums written by TIRB companies increased to $116 million in 1959 a 50% increase over 1958 While final figures were not yet available for review, it appeared that the loss ratio had not changed substantially from previous years, although preliminary unofficial reports indicate the experience developing under the 1959 homeowners is about 10 points higher than under earlier filings.

A luncheon at the Indianapolis Athletic Club honored Commissioner James Ashley and his staff. Host was I.G. Saltmarsh, chairman Indiana Lumbermens Mutual and chairman of the executive committee of TIRB of Indiana.

William Bruce Honored On Retirement From California Department

The staff of the California department at San Francisco and members of the insurance industry honored William Bruce, retiring chief examiner of California at a luncheon in San Francisco this week.

Commissioner F. Britton McConnell; Presidents J. F. Crafts of Fireman's Fund, H. J. Stewart of West Coast Life; N. L. Fairbain of California Compensation & Fire, H. A. Hatch of Argonaut, and John R. McKee of California Casualty Exchange spoke in tribute to Mr. Bruce, whose connection with the California department dates from September, 1937.

Mr. Bruce has become known throughout the country for his participation in the work of National Assn. of Insurance Commissioners. He received letters and telegrams of good wishes from his friends across the U.S.

He started with the department at Los Angeles as senior examiner in 1937 and was made a supervisor of examinations at San Francisco in 1947. The following year he was advanced to chief examiner in charge of all examination and financial analysis functions of the department. In 1957 he took over the supervision of the rating bureau.

Mr. Bruce's career with the department spans the terms of commissioners S. L. Carpenter, Rex Goodcell, Anthony Caminetti Jr., Wallace Downey, J. R. Maloney and Mr. McConnell.

Inland National of Springfield, Ill., has been licensed in Ohio.

Insurers View Compulsory Auto Cover As Not So Bad In Sweden And Denmark

(The following report is from George H. Menefee, who has been visiting in Europe. Mr. Menefee is head of George H. Menefee & Associates, Baton Rouge insurance consulting firm.)

Swedish and Danish insurers do not regard compulsory insurance for automobile owners as really so bad after all. In fact, it is much favored by insurance executives in these countries. Whether or not the states in America follow the lead of Massachusetts, New York and North Carolina is a moot question in Scandinavia, but when questioned on subject, the insurance men invariably praise the compulsory program and cite numerous benefits the companies receive.

The recommendation, per se, that it would be well for the American companies quickly to institute such a program was not made. The Swedish and Danish company men observed that their laws and customs are considerably more favorable to compulsory insurance than the laws in the states. Sweden, for example, has no jury system, and awards are made by judges who are not confronted with election since they serve on a permanent basis. This lack of necessity or desire to favorably influence voters through the medium of high awards is given by Swedish insurance men as one of the primary reasons for the success of their compulsory program.

A second item to which the Swedish underwriters attribute much importance is the matter of profit. Although limited by law to an underwriting profit of 3% on compulsory business, this profit can usually be earned, rates are increased when necessary, and setting rates, according to underwriters, is definitely more a matter of actuarial than of political science. The annual circus atmosphere accompanying rate making in one state having compulsory insurance does not have a parallel in Sweden.

One of the benefits to the public and to the insurance companies resulting from compulsory insurance is found in the no-claims' bonus paid to the Swedish driver. Under the no-claims' bonus plan the driver who reports no accidents for a year can secure a premium reduction of up to 70%. As American companies have found out in the past, the problem of getting the insured in a high credit bracket to report all claims can be serious, frequently resulting in small bodily injury claims becoming aggravated. This possibility of losing control of the claim has been one of the major drawbacks to the merit rating plan in the United States.

Can Control Claim

Under the Swedish system this loss of control over the claim is eliminated by compulsory insurance. When the third party is injured or considers himself to be injured, as a result of an automobile accident, he can report the license number of the offending automobile to a central agency, which will give him the name of the owner and the company insuring the automobile. The dependency of the insurance companies on the insured reporting all accidents is thus completely eliminated. To take care of the few situations where injuries are caused by uninsured drivers or drivers of stolen automobiles, the Swedish insurance companies have formed a pool from which such losses are paid.

While the Swedish insurance companies are generally quite satisfied with compulsory automobile insurance, they point out that the program has been in effect for many years and the present system is the result of much experimentation and many changes. The questionable results of instituting a part of the program rather than the whole program already are apparent in the U. S.

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The Houston office of **Lloyd Caldwell Claims Service** has been moved to 3501-3505 Fannin Street.

1960 Improvement Declining, Atlantic Companies Report

Underwriting gain of Atlantic Mutual and Centennial for the first six months totaled $1,766,619, compared with an underwriting loss of $289,196 for the first half of 1959.

Premiums written increased 7.2% to $24,381,276, and earned premiums rose by $2,384,928. Investment income, excluding a small loss on sales of securities, was 17.6% higher, for a total of $1,241,128. After accrual of policyholder dividends of $1,485,498, there was an operating profit of $1,515,671. Investment income was $1,055,509 a year ago, policyholders dividends were $1,440,049, and the operating loss was $771,464. No federal income taxes were accrued due to a loss carryover from previous years.

Improved Loss Ratios Shown

Losses and loss expenses incurred to premiums earned and expenses incurred to net premiums written was 88.9% compared to 96.7% a year ago. All important classes showed an improved loss ratio except commercial property, workmen's compensation, and burglary.

Results for first quarter this year were substantially better than for the second quarter. There is some indication that the improved trend may not hold, according to Chairman F. B. Tuttle and President Miles F. York. June was "by all odds the poorest month of the year for the two companies." The rate of increase in premium income declined steadily from month to month, which they believe reflects the slowdown in the general economy. Unless there is a pick-up in general business, production this year may not be much larger than in 1959, they indicated.

Morgan Becomes President Of Clayton, Mo., Agency

Stanley A. Morgan, former vice-president and treasurer, has been elected president of the Ploeser, Watts agency of Clayton, Mo. Former president Walter C. Ploeser has been advanced to the newly created position of chairman and will remain the agency's chief executive officer. Other new officers are Frank G. Myers, vice-president and treasurer, James L. Trout, vice-president, and Ray L. Sanders, secretary and managing underwriter.

Central Michigan Health Agents Choose Tenny

Central Michigan (Lansing) Assn. of Health Underwriters has elected C. Bart Tenny, Tenny agency, president. Other new officers are Henry T. Chadwell, Chadwell & Associates, and Virgil Elliott, American Hospital Benefit, vice-presidents, and June H. Thomas, Furniss Associates, secretary-treasurer.

NAIIA Leaders To Meet

The executive committee of National Assn. of Independent Insurance Adjusters will hold its midyear meeting Sept. 12-13 at New Orleans.

The principal reports will be given by W. C. Couch, Hammond, chairman of the educational committee, who will describe progress on a new education program approved at the annual meeting, particularly as to the selection of a professional educational coordinator, and by H. L. Eddy, Wichita, chairman of the publications committee, who will discuss developments in connection with the Adjusters Reference Guide and plans to upgrade the NAIIA quarterly, the Independent Adjuster.

Set Registration For Chicago CPCU Classes

Chicago chapter of CPCU will again sponsor classes to prepare for the five CPCU examinations next spring. The classes will be held at the DePaul University downtown center. Advance registration was held in the Insurance Exchange Building, Sept. 2, and late registration will be at the De Paul Center, Sept. 6—Sept. 9. Tuition will be the same as last year, $39.75 a semester.

AFL-CIO Insurer To Write Auto

Federated American of Seattle has entered the automobile field with the offer of 15,000 additional shares of stock at $20 a share. The company is sponsored by the AFL-CIO, and stock may be sold only to members of the labor organization.

Pacific Indemnity Has Profitable First Half

Underwriting operations of Pacific Indemnity in the first six months produced a profit of $619,858 compared with a loss of $419,268 in the first half of 1959. The company enjoyed a net profit of $1,346,536, compared with $239,874. This amounted to $5.61 per share against $1 last year.

Net premiums written totaled $20,718,838, an increase of 15.22%. The combined loss and expense ratio for the first six months was 93.98%, against 101.46% for the same period last year.

Directors voted to increase the quarterly dividend from 70 cents to 75 cents per share and declared a dividend of 75 cents per share, payable Oct. 1, to stockholders of record Sept. 15.

Wolverine Promotes Peck

David W. Peck has been promoted to assistant treasurer of Wolverine. He joined the company in 1950 and since 1951 has been agents accounts manager. He was also with Auto-Owners.

Palmer Assistant V-P Of Fund, Others Raised

Fireman's Fund has promoted Bradley Palmer to assistant vice-president and assigned him to organization and planning activities. He will be succeeded as Pacific Coast manager of research, development and sales by Edgar H. Lion Jr., former manager of Oakland.

Mr. Lion's Oakland position has been assigned to Donald J. Hitchcock, who in turn will be succeeded as manager at Reno by Irwin A. Bafigo.

With the company since 1947, Mr. Palmer has served in the field, and as supervising underwriter of indemnity lines and group agency department manager before becoming research, development and sales head in 1958. Mr. Lion began with the Fund as a casualty underwriter in 1948. He has headed the Oakland office since 1958.

Mr. Hitchcock joined the company in 1949 and has spent his entire career with the Reno office. His successor, Mr. Bafigo, has been a special agent in California, having gone with the Fund in 1945.

American Gains In First Six Months

In the first half of 1960 American had an underwriting loss of $1,013,809 compared with a loss of $3,508,710 in the similar period of 1959. Premiums written were up to $95,981,157 from $89,078,435. Unearned premium reserve increased $7,807,002 against an increase of $5,488,804 in the first half of 1959. Policyholders surplus was down to $106,736,046 from $107,524,321 at the end of 1959.

For the first half of the 1960 the ratio of losses and loss expenses to premiums earned was 60.6, and the ratio of underwriting expenses to premiums written was 37.2, compared with 62.2 and 39.3, respectively, for the half in 1959.

Investment income was up by $256,412 to $4,463,306. Adjusted operating earnings for the first six months of 1960 were $1.47 a share compared with 66 cents a share in the corresponding 1959 period, after allowance in both cases for an increase in unearned premium equity.

AMA Sets Slate For Insurance Seminars

The fall and winter insurance programs of the American Management Assn. in New York and Chicago have been announced. Radioactive and nuclear materials in industry will be discussed at New York Sept. 14-16 by Robert B. Wiltshire, General Dynamics Corp.; George B. McNeil, J. S. Freylinghuysen Corp., and F. L. Brannigan, Atomic Energy Commission.

Corporate policy on risk management will be handled at Chicago, Sept. 21-23. Seminar members will be Merrit C. Schwenk Jr., Fruehauf Trailer, and W. T. McWhorter, Proctor & Gamble.

Subjects and dates for winter seminars in New York are: Corporate risk management—ocean marine, and employe benefits, compensation and pensions, Nov. 21-23; self insurance, Dec. 19-21; corporate risk management—contractor standards, Jan. 9-11; insurance law—product liability, Jan. 16-18; insurance law—contractual liability and hold harmless agreements, Jan. 30-Feb. 1; retirement and benefit programs and self insurance—risk assumption and use of excess covers, Feb. 6-8; employe benefits, compensation and pensions, Feb. 13-15, and corporate risk management—communication techniques, Feb. 22-24.

D. C. Producers Buck Navy Plan To Lop Off Agents

District of Columbia Assn. of Insurance Agents has noted in its bulletin that the Department of the Navy's bureau of personnel has proposed that world wide insurance requirements for U.S. naval districts, bases and installations, in connection with non-appropriated funds activities, be handled through one agent or broker.

The bulletin notes the reason advanced for seeking a new arrangement is "dissatisfaction with insurance programming by local agents in some areas, resulting in under-insurance, over-insurance, or improper coverage."

The association suggests that all agents now writing coverage for non-appropriated funds activities protest the proposed action to the bureau of naval personnel. NAIA has already exhausted every possible means to discourage the plan, the association notes.

In N. H. For Aetna Fire

Aetna Fire has appointed Charles P. Comerford New Hampshire special agent at Manchester. He succeeds Richard G. Battey who was recently named assistant educational director. Mr. Comerford joined the company in 1959 and completed the multiple line training school.

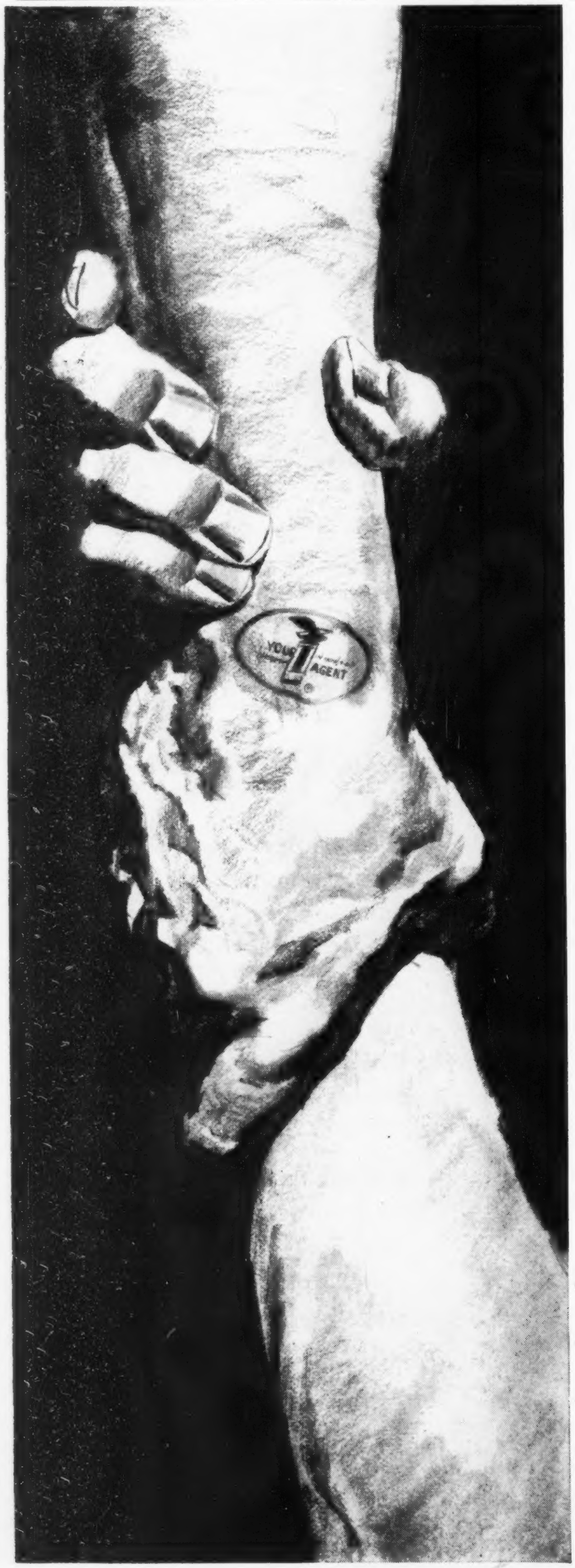
Tiffany Joins Shell Agency

Norman W. Tiffany has joined the A. W. Shell agency at Cincinnati as a vice-president. Mr. Tiffany was with the H. Patrick Sweeney agency for eight years, having joined the Sweeney organization after 11 years in the field with Travelers and later American. A CPCU, Mr. Tiffany was one of the founders of the Cincinnati chapter.

Reed To Engineering Post At K. C.

Pacific Indemnity has appointed Victor D. Reed manager of the mechanical engineering department at Kansas City. He has been manager of the boiler and machinery department of Reserve, and before that was supervising inspector of Zurich.

Financial Indemnity of Los Angeles has been licensed in Washington. Surplus Factors of Seattle are general agents.



NAIA To Form Unit To Work With III

National Assn. of Insurance Agents has approved formation of a liaison committee to coordinate agents public relations activities with Insurance Information Institute. Officers of the two organizations met in New York last week.

Roland H. Lange, Hartford Fire, president of III, pointed out that the objectives of III will be accomplished more readily if it receives the active support of agents and other local insurance groups, such as field men and adjusters.

Paul H. Jones, Tucson, NAIA president, pledged agent support of III, "an organization that long has been needed by the companies that are represented in the main by our members."

Zurich Assigns Two At Dallas, St. Louis

Zurich has appointed Victor A. Swenholt group sales representative at Dallas and Jack E. Moore sales representative at St. Louis.

Before joining Zurich, Mr. Swenholt was with the Emery & Kaufman agency of New Orleans and with Continental Casualty. Mr. Moore has been with Fireman's Fund and Illinois Agricultural Assn.

Heads Milwaukee Agency

Robert K. Cope has become president and treasurer of the Meigs & Cope agency of Milwaukee. He succeeds the late James G. Meigs. In addition, James S. Smith Jr., who has been office manager since 1952, has been promoted to vice-president and secretary.

10 Candidates To Succeed Sullivan

Ten candidates—eight Democrats and two Republicans—have filed for nomination in the primary Sept. 13 for election in November to succeed William A. Sullivan as Washington insurance commissioner.

When he announced recently that he would not be a candidate for reelection, Mr. Sullivan endorsed his deputy, Lee I. Kueckelhan. However, Mr. Kueckelhan has serious opposition from Dan Sullivan, a Seattle attorney. Another Sullivan, John P. Sullivan of Tacoma, withdrew from the race in favor of Dan Sullivan. The name Sullivan has been magic in Washington since 1932, and on that basis alone Dan Sullivan rates as a contender.

Another Democrat given a chance is Robert T. Kennedy, Seattle attorney, who also has a name familiarity. Also in the contest is Garland D. Connor Jr., who was unsuccessful candidate on the Republican ticket in the last two campaigns.

The Republican candidates are Fred C. Becker, who has won the Republican nomination four times and has lost the election to Mr. Sullivan each time, and Robert S. Coplen, Seattle adjuster.

Standard Accident Shifts White To Cleveland

Standard Accident has transferred William L. White Jr. from Cincinnati to Cleveland as supervising field representative. He joined the company in 1948 and has served in field and claim positions at Detroit, Cleveland, Cincinnati and Columbus.

Meuschke In Eastern Field

Northwestern Mutual has named Walter G. Meuschke special agent for Virginia, Maryland and the District of Columbia. His headquarters will be in Richmond.

Insurance Course At New Orleans

A new accredited course in insurance principles and practices will be offered during the fall and spring semesters at Loyola University of New Orleans in the evening division. The course is designed for company trainees, industrial relation representatives, agency personnel, and those who may be interested in a career in the insurance business. Thomas G. Butler, casualty manager, and Andrew Lockhart, engineering supervisor American group, will be instructors for the course which begins Sept. 16 and continues for 16 weeks.

Wendt Joins Kagan & Shawcross

Kagan & Shawcross, Providence, R. I., general agency, has appointed William J. Wendt casualty manager. He was previously manager of Zurich at Buffalo. Prior to that he was superintendent of underwriting for Zurich at New York and earlier held the same post there with Accident & Casualty.

Kemper Promotes Barabas

William Barabas has been appointed office manager of the Kemper group, succeeding J. R. Hufnagle. Mr. Barabas, formerly head of the Kemper supply division, has been with the organization since 1937.

Joins Columbus, O., Agency

C. W. Sheekley has joined the Atkinson-Dauksch Agencies & Trafford Tallmadge of Columbus, O., and he will specialize in fire, liability, fleet, crime, group health and workmen's compensation.

Deplores Inequity Of 'Judge-Made' Law

The power to legislate should remain where it constitutionally belongs—with legislators, not with judges—Abraham I. Harkavy, Newark, N. J., attorney, declared in a talk at the annual meeting at Philadelphia of Federation of Insurance Counsel.

Quick To Adopt New Approach

Mr. Harkavy said that New Jersey has a most liberal minded supreme court. When it has decided that justice is not being done by the law, it has been quick to adopt a new approach in many avenues—judicial legislation at its height.

For example, in 1958 this court overthrew the well-established doctrine of charitable immunity in the case of Collopy v Newark Eye & Ear Infirmary, (27 N. J. 20). This decision followed many opinions in the four or five years preceding it, in which New Jersey appellate courts repeatedly suggested that sound concepts of right and morality required rejection of the immunity, but that the corrective measure was legislative not judicial. In 1955, a bill was introduced in the assembly of New Jersey limiting the exemption of hospitals and similar charitable institutions from liability for damages occasioned by negligence. This passed the assembly but died in the senate committee to which it was referred. At this juncture the court adopted the 1958 opinion.

In 1959, in the case of Faber v Crestwick, (31 N.J. 234), the court reversed the common law rule that a person not a party to a written lease could not recover for damages resulting from a breach of the covenant. The court held that in an action for injuries sustained by the tenant's wife when she fell through a plastic board covering a portion of a stair well, the jury question was whether the landlord had been negligent in failing to warn of the dangerous condition presented by this situation, even though the wife was not a party to the written lease.

Smith vs Brennan Case Viewed

In 1960, in the case of Smith v Brennan, (31 N.J. 353), the court held that an infant plaintiff was entitled to recover for a pre-natal injury caused through the negligence of another.

Mr. Harkavy is not opposed to the nature of the holdings he cited, but to the manner in which they came into being.

Some opinions freely admit that the result is influenced by the factor of insurance which thereby spreads out the ensuing loss, Mr. Harkavy continued. The insurance business is founded upon the payment of losses. But these must be "calculated and anticipated" losses for which insured pay premiums commensurate with the risk. When the law is changed, however, after the loss has been sustained, the insurer is called upon to pay for a loss never contemplated and for which adequate premiums have not been paid. And if the defending litigant is not actually insured against such loss—there having been no liability to that point—the resulting decision may well spell financial ruin.

Unfairly Retroactive

In contrast, valid legislation cannot be retroactive; it must be for the benefit of all in a class, not a chosen few. A change by statute can only affect the future. But a change by a judicial decision is retrospective.

When persons have arranged their affairs on the faith of settled principles of law, it is not the just province of the judiciary to alter the governing rule retroactively and lay the consequent burden of loss upon those who could not have foreseen the change, Mr. Harkavy maintained.

He cannot see how any attorney specializing in the general field of tort law can properly and adequately advise a prospective client as to whether or not he or she has a valid cause of action. The facts which present no legal cause of action today can well present a valid cause tomorrow if the supreme court of a state decides to lay down some judge-made law changing established precedents. If attorneys are to do their full duty

(CONTINUED ON PAGE 24)

Prohibits Non-Payment Cancellations On Auto Within 90 Days In S. C.

William F. Austin, chief commissioner of South Carolina, has issued an order prohibiting insurers from cancelling auto liability policies within 90 days of issuance solely because of non-payment of premiums. He asserted that it would completely disrupt the whole theory of the uninsured motorist law. Cancellation notices must specify whether or not they are for non-payment, and must be filed with the highway department at least 10 days prior to the effective date of such cancellation.

Mr. Austin explained that his order was designed to prevent mass cancellation. He said he had learned that certain companies might try to compete with a new requirement that all uninsured drivers must pay a $20 fee to the highway department when they purchase their 1961 license plates.

The chief commissioner said he did not want insurers to sell coverage to these motorists for a $20 or $25 payment and then cancel it at the end of 30 days, because the practice could cause confusion in determining who has auto coverage.

The order also calls for more standardized liability policies under which a specific vehicle would be covered provided the driver is operating the vehicle with the implied or expressed consent of insured. Some policies have covered only the insured and specified members of his family, it was noted.

Home Advances Roland, Brockopp In Ia., Minn.

Home has advanced Lee W. Roland, state agent since 1957 at Des Moines, to manager there. He joined the company in 1936.

Harold H. Brockopp, state agent at Minneapolis since 1959, has been raised to manager there. He joined the company in 1954.

Continental Casualty Names 2 Bond Managers

Continental Casualty has appointed Phillip B. Kaiser and Robert H. Grimes bond managers at Cleveland and Minneapolis, respectively. Mr. Kaiser has had 11 years' experience in bonding and Mr. Grimes has been in that field since 1952.

Western Loss Assn. Names Speakers For Fall Rally

Western Loss Assn. has announced some of the guest speakers for its annual fall meeting and workshop at Lake Lawn Lodge, Delavan, Wis., Sept. 21-23. Among these are Clarence R. Conklin and John P. Gorman, Chicago attorneys; G. F. Keeley of Underwriters Adjusting and G. M. Lynch Jr. of Western Adjustment, both of Chicago. Loss Executives Assn. members have received an open invitation to attend the meeting, a custom for a number of years.

E. W. Gielow, Phoenix of Hartford group, is chairman. Further information may be obtained from James J. Fegan of Travelers, Insurance Exchange Building, Chicago.

Donovan To Pittsburgh

Appleton & Cox has assigned Ronald Donovan to Pittsburgh to assist Ralph G. Fiorentino, manager there. Mr. Donovan joined the company at Boston in 1957 and was transferred to the home office in 1959.

Hunt Elevates Schuyler

George S. Schuyler, manager of John H. Hunt & Co. independent adjusters at Chicago, has been promoted to vice-president. In the claim adjusting business since 1936, he began with the Kemper group and in 1946 joined Fireman's Fund, where he was claims supervisor in the western department at Chicago and later at Milwaukee. He returned to Chicago in 1953 to become casualty claim manager of Dubuque F.&M. and in 1955, when that company returned its claim department to Dubuque, joined the Hunt organization.

L. W. Roberts Jr. has resigned his position with the insurance department of Kerr-McGee Industries of Oklahoma City and has joined the J. R. Pollard general agency there.

Ultramar Acquired By U. S. & Foreign

U. S. & Foreign Management Ltd., reinsurance brokers with offices in New York City and Daytona Beach, Fla., has acquired Ultramar Inter-American Corp. of New York and its Latin-American reinsurance brokerage business. Under the new management, the name of the Ultramar has been changed to Usaform Panamerican Ltd. to indicate its operations throughout the western hemisphere.

The new officers and directors of Usaform Panamerican Ltd., are F. Wylly Clarke Jr., chairman and president; Fernando R. Godoy, executive vice-president and secretary, and H. Alexander Stebler, vice-president and treasurer.

Founded Last Year

Usaform International Ltd. of Zurich has appointed H. J. Kaufmann as manager. The Swiss firm was founded early last year and is affiliated with U. S. & Foreign Management Ltd. It will conduct a reinsurance brokerage business throughout the eastern hemisphere.

Mr. Kaufmann, a native of Switzerland, resigned his position of secretary of the company department of Seibels, Bruce & Co., Columbia, S. C., to assume his new duties. Operations of Usaform International Ltd. will be under the supervision of Mr. Stebler, who is in charge of coordinating all foreign activities of the Usaform group.

Crum & Forster Loss Down, Volume High

Crum & Forster group in the first half of 1960 brought its underwriting loss down to $1,623,933 from $2,538,488 for the same 1959 period. Premiums written were up 8.9% to $71,874,870. Policyholders surplus was $194,390,731. Unearned premium reserve increased by $6,123,386.

Ratio of losses and loss expense to premiums earned was 58.59 and the ratio of other expenses and taxes incurred, excluding federal taxes, to premiums written was 40.19, compared with 60.31 and 40.42, respectively, for the similar 1959 half.

Net investment income was up 6.44% to $5,074,036. Net income was $3,228,443 against $2,181,474 at June 30, 1959.

Indianapolis CPCUs Explain Insurance In Weekly TV Series

Indiana chapter of CPCU is producing a weekly TV program on Indianapolis station WLW-I. Called "Behind Your Policy," the program brings insurance information in laymen's language to the public in an informative manner using the panel technique. Members of the chapter form the panels. The programs are 15 minutes each, every Sunday at noon. Gayle Richardson, Indianapolis agent, is in charge of the project, the first venture in the public relations field by the chapter. So far the programs have been well received and skillfully handled by the CPCUs.

Program Ready For Vermont Convention

At its annual meeting Sept. 12 in Vergennes, Vermont Assn. of Insurance Agents will hear Samuel J. Hatfield of New England Fire Insurance Rating Assn., and R. C. Shipley of National Bureau. Deputy Commissioner Albert D. Pingree, and Robert G. McKay of Insurance Information Institute will appear on the morning program. F. W. Doremus of Inter-Regional Insurance Conference, Morton V. V. White of Allentown, Pa., and John S. Howe of Hartford Life are on the afternoon card.

At the banquet Gov. Stafford and Commissioner A. H. Miller will speak. The convention starts Sept. 11 with a golf tournament and reception.

Mich. Local Board Leaders Hold Parley

58 Officers From Across The State Praise Session, Want Two Each Year

LANSING—Local board officers of Michigan Assn. of Insurance Agents, assembled here for a pre-convention conference during the past week, acclaimed the discussion session so valuable that it was informally recommended that the association henceforth hold two such meetings yearly and eliminate the traditional midyear convention.

More Timely Subjects Covered

The meeting attracted 58 newly elected local officers from all parts of the state, with Waldo O. Hildebrand, secretary-manager; his assistant, Jack Butterick, and Stuart Doty, Grand Ledge, state treasurer and a local board officer, leading the discussions. Participants generally agreed that more timely subjects could be covered in more informative detail, with resultant greater value to the general membership by this means than at the midyear conference. The state-wide membership, incidentally, was reported at an all-time high of 1,125.

Discussion of possible legislation during the approaching 1961 session of the Michigan legislature disclosed the probability that efforts will be made to tighten requirements for agent licensing. Commissioner Blackford has asked each departmental division executive to make suggestions along this line to be presented to an all-industry committee for their consideration.

The association, it was noted, faces the immediate necessity of preparing a new edition of the Michigan Insurance Reference Manual which has served as a textbook for license applicants for a number of years. The manual contains all necessary information to give adequate answers to the licensing examination questions. Recent changes in laws and new developments such as homeowners policies and automobile merit rating have created the need for revision.

Results Withheld

Preliminary findings in connection with two surveys currently being conducted were discussed but results were withheld until the annual convention in Grand Rapids Sept. 14-16. One is an agency expense study which is expected to provide some valuable data to the membership. The other is a questionnaire survey being conducted by the association president, William P. Dobson, Ann Arbor, relative to agency operations generally, particularly as regards some of the recent innovations such as package policies and merit rating plans. Reports are still being received and no definite conclusions were possible from the returns to date.

There was considerable discussion regarding mutual representation by members with a consensus reached that the national association's "Big I" insignia governs membership standards in this regard—that is, maintenance of independent contractor status is the key requirement, and mutuals which operate on a bona fide agency basis may be represented without compromising association ethics.

Good results were reported from cooperative advertising plans, particularly in local newspapers which have proved the most effective media for carrying productive sales messages. Both national and state associations supply recommended material but it was brought out that locally prepared copy, frequently based on news events such as serious fires, windstorms or sensational accidents, often has shown fine results.

More extended use of the facilities of Michigan Insurance Information Service, including its speakers bureau aids, was recommended. It was brought out that MIIS provides complete "flannel board" material on a variety of insurance subjects ready for presentation to any type of public group.

Adaptation by local boards to a recent departmental interpretation of the laws relative to placing of public business through association facilities was another discussion topic. It was agreed that these programs must be framed along more carefully defined limitations under the ruling but that none of the beneficial results of a modified cooperative plan need be sacrificed. It was stressed that the public generally has shown a favorable reaction to these programs, particularly those in which members voluntarily use premium profits for civic enterprises.

Cement Is Cause Of Automobile Losses

Wet cement is not regarded by loss men as a large source of automobile claims. However, ready mixed cement was the proximate cause of constructive total losses of two automobiles this year, one in London, Ont., in February, and the other in Denver, in August.

In Ontario the driver of a ready mixed cement truck started out to deliver a full load to a customer. His route took him close to his home, and he stopped by. A new car was sitting in front of his house. Inside, he discovered that another man was visiting his wife. He tiptoed out, drove his truck up beside the new car, and filled the interior with wet cement. The tires exploded, the springs broke, and the wheels buckled.

The cost of removing the car with the cement (now dried) in it was considerable. Claim was made against the liability policy carried by the cement company.

In Denver, the driver of a ready mixed cement truck took a load of wet cement to a home whose owner had ordered it for a driveway and patio. However, no one was home. The driver became annoyed after waiting for an hour. He unloaded six tons of cement into the back seat of the homeowner's automobile.

When the homeowner returned he found the cement hardened, the tires blown out and the springs broken. He said he had cancelled the order earlier in the day. The truck driver and he had been friends but were so no longer, he said.

American General To Build New Home Office

American General will construct a major office building in Houston which will serve as headquarters for the entire American General group. At the same time the company provisionally accepted the offer of Texas Eastern Transmission Corp. for the purchase of the present First City National Bank Building, now owned by American General.

Gus S. Wortham, head of the American General companies, said construction of the new building will be undertaken as soon as plans can be drawn and approved. It is expected to rank among the larger structures in Houston. The site has not been yet selected.

American General purchased the present First City National Bank Building more than two years ago, planning to take occupancy when the bank moves to its new building now under construction. In the two years intervening, the several members of American General have grown rapidly, and Knights Life of Pittsburgh has been added to the group. The space which will be vacated by the bank is no longer sufficient to house American General and the growing size and complexity of American General's operations make it increasingly desirable for the companies to occupy space tailored to their own needs.

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Schiff Terhune has named William A. Olson assistant vice-president in charge of new business. He was with Aetna Casualty before joining the firm in 1959.

Heiser Is V-P Of American Surety

Theodore R. Heiser has been elected vice-president of American Surety. He will retain his present duties as comptroller.


Theodore R. Heiser

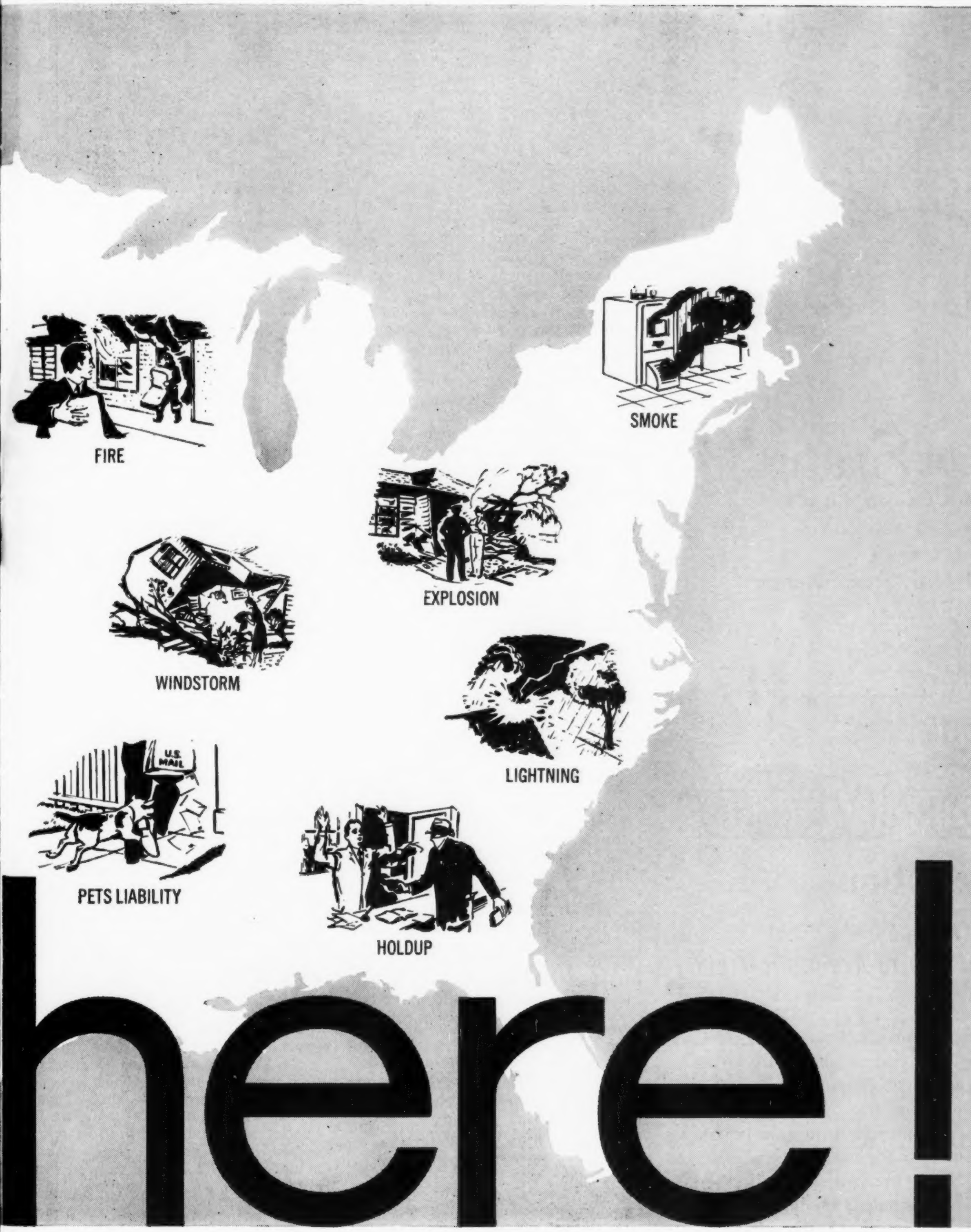
Mr. Heiser began his career with the company in 1929 and subsequently advanced through various positions in the accounting department. He was appointed first deputy comptroller in 1957 and was advanced to comptroller in 1959.

Let's face it—the real test of property and casualty insurance comes when your client has a claim. When loss does occur, you and your assured want the same two things:

—Fair and prompt payment of the claim.

—A minimum of inconvenience and red tape.

These two are the precise goals of The HOME. Which is why we go to unusual lengths in training and maintaining *our own staff of adjusters*... skilled men ready to work across the nation and around the clock to speed payment to policyholders and claimants—to keep clients for you. Supplementing these HOME adjusters are outside adjusting facilities to insure *fast* action under all circumstances. This is typical of what we mean when we speak of "the best insurance." It's the kind HOME's *independent* local agents and brokers specify in protecting their clients. How about you?



The HOME *Insurance Company*

Property Protection since 1853

INSURED HOME NEW YORK

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

Same Insurer On Both Sides Of Care, Custody Case

Cases in which an insurance company protects both parties in an automobile accident are not uncommon and are a headache to claim departments. Recently, Maryland Casualty found itself in another version of this situation—subrogee and liability insurer, claiming, in the latter role, that its insured had no coverage. The case, Maryland Casualty vs Jolly, 20 C.C.H. (auto 2nd.) 126, is also interesting in that the New Mexico supreme court described it as the first case in that state interpreting the "care, custody or control" exclusion in general liability policies.

Jolly operated a welding service and carried comprehensive general liability insurance in Maryland Casualty. A bus owned by E. D. Pearce and protected by comprehensive physical damage insurance in Maryland Casualty was brought to Jolly's premises for repair of one of its gas tanks. Because Jolly was very busy, it had been agreed that the work could be done quickly only if Pearce's employe would remove the tank and would replace it after the repair was completed. This was done, Pearce's employe leaving the bus at Jolly's premises. During the welding, some gasoline which had spilled from the tank caught fire and the bus was destroyed. Maryland Casualty paid Pearce and brought a subrogation action against Jolly, claiming that he was responsible for the damage. Jolly counterclaimed that Maryland Casualty was responsible for this damage as his liability insurer, to which Maryland Casualty replied that there was no coverage because of the "care, custody or control" exclusion.

The questions of liability and coverage were tried in the same action, the eventual result being that Jolly was held liable but Maryland Casualty was required to provide coverage and hence not recover from Jolly and also to pay attorney's fees. The question of liability involved arguments about possible contributory negligence on the part of Pearce's employe and whether the bus could have been removed before it was damaged, all of which questions were decided in favor of liability. On the coverage question, the court held that only the gas tank and not the entire bus was in the custody or control of Jolly and consequently that the exclusion did not apply.

Cumis General Receives Charter; Names Directors

Cuna Mutual's property and casualty affiliate, Cumis General, has received its charter from the Wisconsin department. The new venture was approved May 15 of this year by Cuna Mutual policyholders. Cumis has named three more directors: Fabian Monroe of Milwaukee; H. E. McArthur, Waukegan, and Joseph Flannery, Newark.

National Union Opens New Office In Dallas

National Union has opened new offices in the Fidelity Union Tower Building, latest addition to the Dallas downtown skyline. Charles D. Blandford and J. Alton Jones are co-managers of the office.

Kuhrts, Cox & Brander, Los Angeles broker, has acquired the A. J. Larson Co. of San Diego. Mr. Larson will continue in charge there.

Jones, Magnusson Set For Minnesota Agents' Convention

Paul H. Jones, president National Assn. of Insurance Agents, and Minnesota Commissioner Magnusson are among the main speakers set for Minnesota Assn. of Insurance Agents annual at the Pick-Nicollet Hotel in Minneapolis, Sept. 15-16.

Charles Simon, National Union group and president Minnesota Capital Stock Assn., will open the first day's afternoon session with a review of the development of Insurance Information Institute. William Peet, Minneapolis insurance counsel, will discuss "An Invitation To Survival."

Panel Scheduled

A CPCU panel composed of Amos Rosenbloom, J. H. Shanfield Co.; Leo Brenna, Western Adjustment; Fred Gedelman vice-president C. W. Sexton Co., and Frank J. Howard—all from Minneapolis—will discuss "Business Interruption: Gross Earnings Form."

Friday gets under way with an all-convention breakfast meeting at which Richard J. Layton, vice-president Rough Notes, will speak on agency organization and management. The rural agents, Virgil Eckhoff, MAIA farm committee chairman, presiding, and the metropolitan agents, Wayne Childs, vice-president Great Northern, speaking, will then hold separate meetings.

The convention closes with a luncheon sponsored by Hartford Fire, Arthur A. Upgren, Macalester College, St. Paul, speaking on "How We Have Stabilized A Growing Economy."

A full program has been set for the ladies and the banquet will be held Thursday evening.

Winkler Heads Southeast Unit Of Retail Credit, Riggle To Cincinnati

A new southeastern region of Retail Credit Co. will be headed by Marvin R. Winkler, regional sales manager of the central region with headquarters in Cincinnati. The new region will operate from the home office in Atlanta and will embrace field sales in Virginia, Tennessee, North Carolina, Georgia, Alabama and Florida.

Mr. Winkler's successor at Cincinnati is Ray E. Riggle, formerly in charge of the sales promotion department at the home office.

Mr. Winkler started as an inspector in Chicago in 1930 and has served as special representative in Chicago, Boston and New York. Later, he was district sales manager in Boston and, before being named regional sales manager in 1956, served as head of the home office sales promotion department.

Mr. Riggle began his career as an inspector in Des Moines in 1934 and went into sales work in 1941. After military service, he was special representative in the Minneapolis-St. Paul territories and later head of the home office fire and casualty sales division. He was district sales manager at Cincinnati from 1951 to 1956.

A&H Contest Pays Off For American Casualty

More than 850 agents won awards—ranging from a choice of more than 1,000 merchandise prizes to a trip for two to Jamaica—in the sales campaign recently completed by the A&S department of American Casualty.

Plus Signs In Federal Report

Federal and its affiliate, Vigilant, in the first six months of 1960 had an underwriting gain of $831,000 compared with a gain of $1,249,000 for the similar 1959 period. Premiums written were up to $39,600,431 from $36,263,685. Policyholders surplus was $113,601,000, up from $112,616,738. Unearned premiums increased $2,802,000 against an increase of $1,801,000 in the first half of 1959.

Ratio of losses and loss expenses to premiums earned was 58.5, and ratio of other expenses to premiums written was 34.2 compared with 56 and 34.6, respectively, at June 30,1959.

Net investment income was up to $2,351,000 from $2,077,000. Net income after federal taxes was $3,181,000 or $1.03 a share, down from $3,326,000 or $1.08 a share in the first half of 1959. Assets at June 30 were $220,193,000.

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American Casualty Names Field Men In Cal., Pa.

American Casualty has appointed Albert H. Wood multiple line field representative at San Francisco. He has been in the business for six years and was formerly special agent in northern California of Employers Liability.

James E. Carter has been appointed special agent for property lines at Harrisburg. He has been agents' supervisor with a Harrisburg general agency for two years, and prior to that was a marine special agent.

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Knight To K. C. Post Of Continental Casualty

Continental Casualty has appointed George H. Knight Jr. excess and surplus manager at Kansas City. He has been with a Wichita general agency.

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Reelect Maher In Kalamazoo

Kalamazoo Assn. of Insurance Agents has reelected James M. Maher president. Other officers named at the annual meeting are: Vice-president, Robert Topp; secretary, R. B. Alexander, and treasurer, A. J. Meeusen.

The association voted to buy safety booklets for members of the school driver education classes in the Kalamazoo area.

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Mo. Claims Service Shifts Duenow

H. A. Duenow, manager at Springfield, Mo., for Taylor Claims Service, has been transferred to the home office at Joplin to supervise adjuster personnel. He will be replaced at Springfield by R. E. Galaher.

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Ratterree Names Fuller In No. Ga.

John E. Fuller Jr. has been appointed resident manager of the John Ratterree Co. organization in north Georgia with headquarters in Atlanta. F. W. Lewis is resident manager for south Georgia with offices at Dublin.

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Byrne Named Manager By Atlantic Mutual

Atlantic Mutual has promoted John J. Byrne to manager of the workmen's compensation and general liability underwriting department. He joined the group in 1951.

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Cameron To Hanover Head Office Duties

James D. Cameron, secretary of Hanover at Chicago, has been transferred to the home office to assume general duties.

He joined the company in 1947 as special agent at Kansas City, and in 1950 opened the St. Louis service office as state agent. He was transferred to the western department as agency superintendent in 1958 and was appointed assistant secretary later that year. He was named secretary in 1959.

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Hyatt Named Special

Great American has appointed Robert J. Hyatt special agent in Oklahoma with headquarters in Oklahoma City.

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Chicago A&H Assn. To Golf

Chicago A&H Assn. will hold its annual golf outing at Mohawk Country Club, Bensenville, Ill., Sept. 15. Reservations may be made through Jerome Neff, manager Paul Revere Life, 208 South La Salle Street, Chicago 4.

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William E. Murphy, an acount executive with Kuhrts, Cox & Brander, Los Angeles brokers, has been admitted to partnership in the firm. Mr. Murphy was an account executive with Brander & Co. for 10 years before it merged with Miller, Kuhrts & Cox in 1959 to form the present organization. He previously was with Pacific Fire Rating Bureau.

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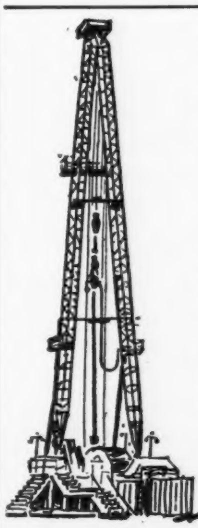
Crum & Forster has moved its Oakland, Cal. service office to Room 707 in the Insurance Building at 1404 Franklin Street. Raymond P. Altman is manager.

New Iowa Handbook Is Published

A new Underwriters Handbook of Iowa has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Iowa handbook may be obtained from the National Underwriter Company at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50 each.



Conventions

Sept. 7-9, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.

Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.

Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.

Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.

Sept. 13-14, South Carolina agents, annual, Poinsett Hotel, Greenville.

Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.

Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler-Hilton Hotel, Detroit.

Sept. 15-16, Minnesota agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.

Sept. 18-20, West Virginia Assn. of Mutual Insurance Agents, Jackson Hotel, Clarksburg.

Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assns., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.

Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.

Sept. 21-23, Western Loss Assn., annual, Lake Lawn Lodge, Delavan, Wis.

Sept. 25-27, Indiana mutual agents, annual, Hotel Van Orman, Fort Wayne.

Sept. 26, New Jersey agents, annual, Hotel Traymore, Atlantic City.

Sept. 26-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 2-4, Zone IV National Commissioners, Fort Des Moines Hotel, Des Moines, Iowa.

Oct. 2-5, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, combined annual. The Greenbrier, White Sulphur Springs, W. Va.

Oct. 6-8, California Assn. of Independent Insurance Adjusters, annual, Ambassador Hotel, Los Angeles.

Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.

Oct. 14-15, North Dakota agents, annual, Grand Pacific Hotel, Bismarck.

Oct. 16-18, Arizona agents, annual, Pioneer Hotel, Tucson.

Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.

Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.

Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.

Oct. 23-25, Missouri agents, annual, Governor Hotel, Jefferson City.

Oct. 24, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 24-26, Assn. of Mutual Insurance Engineers, regional meeting, Sheraton Dallas, Hotel, Dallas.

Oct. 24-26, California agents, annual, Sheraton-Palace Hotel, San Francisco.

Oct. 26-28, Nebraska agents, annual, The Town House, Omaha.

Oct. 27, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.

Oct. 27-28, Kansas State Assn. of Mutual Insurance Companies, Holiday Inn, Topeka.

Oct 27-29, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Oct. 30-Nov. 1, Illinois agents, annual, Pere Marquette Hotel, Peoria.

Oct. 30-Nov. 1, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.

Oct. 31-Nov. 2, Nevada agents, annual, Las Vegas.

Nov. 1-3, National Assn. of Independent Insurers, annual, Chase-Park Plaza, St. Louis.

Nov. 2-3, Michigan mutual agents, annual, Pantlind Hotel, Grand Rapids.

Nov. 9-11, Insurance Section, American Management Assn., fall conference, Drake Hotel, Chicago.

Nov. 10-11, Central Claims Executives Assn., Morrison Hotel, Chicago.

Nov. 13-15, Kentucky agents, annual, Kentucky Hotel, Louisville.

Nov. 14-16, Indiana agents, annual, Claypool Hotel, Indianapolis

Personnel Management Ideas Given

(CONTINUED FROM PAGE 4)

Put another way, if the screening of applicants is not made, each applicant must be given an interview in order to determine his qualifications. The combined total time for the combination screening and interview is usually more than the employer can give to employment. If the screening is a "short-cut" deal, unqualified applicants who make good impressions, but who cannot back up the impression with performance, may be hired. The screening should be objective and should compare the qualifications of the applicant with the requirements of the position. Furthermore, if the screening is properly done, the employment interview between applicant and employer is materially improved in that the employer is measuring the applicant's suitability as an associate and employe which is more psychological than occupational. The qualifications have already been checked and passed on by the employment counselor.

Pay Interview Expenses

5. Pay the expenses of the interview. Applicants are often brought in from other areas due to the shortage of qualified personnel in the locality where the company has its office. Unless an employer is willing to delegate complete authority to a qualified employment expert, a face-to-face meeting between the employer and applicant is a requirement. The out-of-town applicant cannot be expected to pay his own expenses—the employer has to be competitive in his practices. This furthers the advantages of the screening of applicants in order to reduce the interviewing expense.

6. The question of moving expenses. In the competition for applicants, practices change according to the supply and demand picture. It is customary to pay the moving expenses when a new employe is imported from another area. The better the qualifications of an applicant, the more employment opportunities he will have with the end result that he will select the position that gives him the best net return. Employers may not like the idea of assuming these expenses, but our competition establishes our practices. This puts the burden on the employer to eliminate the risk of employing the wrong person by doing a careful preliminary check and interview before employment.

7. The question of salary. Salary is always a relative matter and must be related to worth. There is a saying that no salary is high if performance is matched to payment. There has been some form of salary adjustment reflecting the so-called cost-of-living in all but about two of the past 15 years. The accumulative effect of these adjustments has raised salaries to the point that management's attention has been directed to performance standards rather than to rates as a single factor of judgment. Rates vary between employers and between geographical areas so that a specific discussion of job values would be pointless. Our suggestion is that the employer give more attention to his working conditions and his attitudes toward his employes so that he can establish standards of performance which are related to his rates and make the attainment of the standards possible.

8. Train employes to your methods. Training may have three objectives —(1) To help new employes adjust to their new environment; (2) teach new skills to inexperienced employes; and (3) teach your specific methods and practices to experienced employes. No management practice is as rewarding as training—basically, it is the planned teaching of skills, methods and practices so as to raise the level of performance in the shortest possible time.

Training Methods Told

One method of teaching (training) relies on exposing the new employe to actual work situations, letting the employe absorb the job knowledge by imitation and repetition. For ordinary routine and elementary positions, the training time will be about six months, and longer for more responsible jobs.

Another method, still relying on the actual experience on the job, directs the employe's work by giving him explanations and instructions. For comparisons, the training time under directed effort is about one month for routine jobs.

9. Communicate with employes. Communications with employes usually take on the form of (1) explanations of what is wanted; (2) instructions on how to attain the desired goal; (3) information about the office, its operations, and its activities; (4) personal counseling; (5) corrective action where the employe's conduct and performance are below standard; and (6) recognition of meritorious performance.

Management, because of the pressures of business, and the increased demands for participation by civic, charitable and business associations, often neglects its contact with office affairs. In an oversimplification of the situation, many employe failures can be laid at the door of ignorance—i.e., ignorance of what management actually expects by way of conduct and performance.

10. Give credit where credit is due. Incentives which tap the unused reserve of energy must be both financial and non-financial type. Credit (pat on the back) for good performance is a must—employes need to know that they are successfully meeting management's expectations. Financial reward is the ultimate goal and should be related directly to continued performance of a type that management is willing to pay for. Over the years, we have given the impression that continued service is the basis for the periodic upward adjustment. It's time to relate the rate of pay to production. The certainty of reward is as important as the amount in our continuing efforts to develop an organization.

Two Named At Dallas By Hartford Accident

Hartford Accident has advanced A. R. M. Mitchell to assistant manager at Dallas. Willis E. Petty succeeds Mr. Mitchell as claims manager there.

Mr. Mitchell joined the company in 1933. He was claims adjuster at Fort Worth and at Pine Bluff, Ark., until his appointment in 1958 as Dallas claims manager. He is a past president of Little Rock Claims Managers Council.

Mr. Petty, with the company since 1946, has been a claims adjuster at Houston and later manager of the Shreveport and Fort Worth claims offices. He was transferred to Dallas in 1959.

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John J. Schuck has joined Everett W. Stark & Co., San Francisco brokers, as analyst and consultant. He is a 30-year man in insurance with company and production experience. He also at one time was insurance manager of Transamerica Corp. and Bank of America.

Daum Views U. S. Reinsurance Business

(CONTINUED FROM PAGE 2)

multiple line via so-called fleets, did not desire or need multiple line reinsurance because each field—fire, casualty and surety—for the most part dealt with specialty markets and arranged its own covers.

Reinsurance brokers and intermediaries claimed they were operating on a multiple line basis. In several cases this was certainly true. However, much of this was window dressing. Their operations were confined principally to the property field. A partial explanation of this of course would be that several of the principal American casualty reinsurance markets at that time preferred to obtain their business on a direct basis. Some American markets and the foreign markets were, however, available to them.

Premiums in 1950 for the American professional reinsurance market were approximately $200 million, $75 million of which was casualty. The market consisted of 20 companies or groups, four multiple line through fleet operations, one specializing in casualty, and the four others specializing in fire.

Programs Surveyed

To learn how primary companies have adjusted to the times in the handling of their reinsurance programs, all companies writing a general book of business and with premiums of more than $2 million were surveyed. The response to this survey was very considerable and shows wide industry interest in the topic, particularly since in the majority of cases the respondees took the trouble to write a separate letter asking for a copy of the completed paper. More than $7 billion of volume is represented in the answers. Excluding reinsurance and one line specialty companies, this survey covers 90% of all premiums written by primary general lines companies.

The results of that part of the survey dealing in general terms with the multiple line aspect of primary companies' reinsurance can be summarized as follows:

Are fire and casualty covers placed with the same reinsurer: 27% of the companies indicated that all of their reinsurance covers were placed on a multiple line basis in the same market; 17% indicated that some contracts were on a multiple line basis (the interesting thing here is the number of companies that commented that they were moving rapidly to a full multiple line basis, but at the moment because of tradition and long standing arrangements or particular temporary problems their long range plans were stymied); 53% indicated they still used separate markets for fire and casualty reinsurance (here again, many companies commented that some of their coverages were on a multiple line basis; however, this is apparently a minor portion of their reinsurance, because despite such comments they still indicated that they were using separate markets—some of the comments are interesting: "Tradition is the only thing holding up the placing of our covers in one market," "Review of all insurance under way—outcome will probably mean a shift to multiple line"); 3% indicated that they do not use working covers, depending completely on catastrophe reinsurance.

In a further attempt to examine how far the primary companies have gone in the shift to multiple line reinsurance, insurers were asked if they placed covers through single broker, several brokers, or direct: 24% of companies responding place all their reinsurance through one broker, 17% use different brokers on fire and casualty covers; and the largest percentage, 41, do not use reinsurance brokers or intermediaries, including a surprisingly large number of smaller companies; except for the very smallest companies, which apparently use brokers extensively, almost half of the companies with $10 million to $50 million and more of premiums do not use brokers, whereas the number with $50 million and more premiums that use brokers increases substantially—many companies stated that while they did not use brokers for their working covers, they did so on the catastrophe covers. The breakdown by number of companies and premium size was: Under $10 million, 15; $10 to $25 million, 11; $25 to $50 million, 10; $50 to $100 million, 3; $100 to $200 million, 3, and over $200

million, 2; 18% use brokers for property coverages and no brokers for casualty, which reflects the activities of those professional reinsurers that have specialized in casualty and for the most part prefer to deal directly with the primary company.

In an attempt to find some correlation between the method of placing the reinsurance (direct vs broker) and the method of handling (multiple line vs separate markets), the replies were cross checked to determine if there was any pattern. It is interesting to note that of the companies reporting their reinsurance as being on a multiple line basis, one-half placed all their reinsurance with the same broker and the other half used no broker.

After 10 years of multiple line operations, while the largest percentage of companies use separate markets for fire and casualty, the multiple line trend seems well established. This is evident not only in the number of companies that now have some of their covers on this basis, but also from the comments made by the companies still using separate markets. One comment was particularly interesting: "When we went multiple line, one of the important reasons was to provide stability to our operations through diversification. If this reasoning has any merit, the eventual placement of our reinsurance on a fully multiple line basis ought to mean greater stability of our market."

Adjustment In Reinsurance

What has happened in the professional reinsurance field since 1950? As might be expected, those reinsurers that were operating on a multiple line basis in 1950 through a fleet have adjusted well. American Re, for example, in the 10 years has maintained just about the relationship of one-third fire and two-thirds casualty. General Re's casualty and surety volume has increased substantially, and whereas property reinsurance was 40% of its total in 1950, now it is approximately 25%. Swiss Re and North American Re have maintained about the same relative position. Employers Re has increased its fire business from less than 7% in 1950 to more than 20% of its volume. North America, while getting a late start in casualty reinsurance, now writes a substantial book of it and is considered by many brokers as an excellent American market for casualty lines. North America's total volume of reinsurance in 1959 was more than $47 million, making it the fourth largest U. S. reinsurer.

Companies specializing in property reinsurance, while holding themselves out as multiple line reinsurers, have been generally unsuccessful in their efforts to develop a full book of business. However, during this period most of these companies showed substantial gains in their fire accounts, and acquired a good book of homeowners business.

While it must be remembered that casualty reinsurance, usually written on an excess basis, does not build volume like pro rata fire reinsurance, an examination of the following figures for 1958 will indicate the difficulty these companies have had in establishing themselves in the casualty reinsurance field:

Workmen's Compensation

Workmen's compensation: Of a total reinsurance volume of $7,508,000, five companies (American Re, Employers Re, General Re, North American Re and Swiss Re) wrote $7,285,000. The remaining $223,000 was split between 15 companies.

Miscellaneous liability: Of a total reinsurance volume of $10,842,000, these five companies wrote $9,920,000. The remaining $922,000 (much of this was liability under homeowners policies) was split between 28 companies.

Automobile BI: Of a total reinsurance volume of $41,618,000, the five companies plus Northeastern wrote $39,477,000, with 22 other companies sharing $2,141,000.

Fidelity: Of a total reinsurance volume of $9,235,000, the five companies plus General Security wrote $8,326,000. The remaining $709,000 was shared by 17 companies.

Surety: Of $30,323,000 of reinsurance, the five companies wrote $27,923,000. Christiania, General Security and Union Re wrote $1,498,000. Fifteen other companies wrote the balance of $902,000.

Experience Necessary

From an experience standpoint, the companies writing only nominal amounts of casualty and surety reinsurance, as might be expected, did not fare too well. With the exception of WC, on which they made an underwriting profit, they had underwriting losses on every line. Uniformly, their percentage exceeded those of the companies writing the majority of the business. Why?

Among explanations advanced by several sources are unavailability of qualified personnel; strong position in the market of the several large American casualty reinsurers, and reluctance of smaller reinsurers to enter aggressively into lines that are presently experiencing difficulty.

Many of the property reinsurers which depend on reinsurance brokers for the production of their business also find that their opportunities to increase casualty are hampered by the fact that in many instances the brokers control only the property reinsurance of their clients, the casualty lines being placed direct.

Other Lines Developed

While many of the reinsurers that formerly specialized in fire are not writing a large book of casualty business, they have developed in some cases a substantial fidelity and surety business. In several companies, the volume of this business exceeds their casualty business. While not plagued with the normal problems of the casualty business, these lines have not been trouble free, and some of these companies received a liberal education in the pitfalls of the surety business, particularly on South American business. Additionally, the production, underwriting and handling (mostly pro rata insurance) of this business differ completely from the other casualty lines.

Many brokers freely admit that the casualty market, and consequently the multiple line market, in the U. S. is very limited. Much of their casualty business is done with Lloyd's and other foreign markets. Even at Lloyd's we find a degree of specialization, certain underwriters being preferred to "lead" a casualty cover and others to "lead" a fire cover. Generally, however, Lloyd's underwriters, doing a large share of the reinsurance business, freely accept both fire and casualty participations. In their comments on the multiple line aspects of the American market, many brokers mentioned several of the primary companies that maintain reinsurance departments (the semi-professionals). Additionally, they consider as good markets the compa-

nies which have begun operations in the last several years, and which have had to get into multiple line operations, due to lack of a book of fire business.

In apparent recognition of the difficulties in establishing themselves successfully in the casualty business, several of the professional reinsurers have associated themselves with casualty reinsurance management groups. For example, Inter-Ocean Re and Reinsurance Corp. of New York belong to Excess & Casualty Reinsurance Assn., and Constitution, Skandinavia, and Unity Fire & General have associated with Agency Managers Ltd.—casualty reinsurance managers. In light of this information, it would seem that with the exception of a few companies, the reinsurers have not traveled as fast on the multiple line road as the companies they serve. That there are plenty of obstacles is evident. That the trend has been established is also evident, and each year should see an acceleration of the already established trend.

At the end of 1959, 144 primary company groups were operating or organized to sell life as well as property and casualty. The potential effects of these developments on the public, the companies, their agents, and, eventually, their reinsurers are tremendous.

One such development that has been suggested and tried with more or less success is the writing of group along the lines of group life and pensions. The continued trend to packaging of commercial insurance lines may have some influence on this development.

At the moment, only two professional reinsurers, North America and Swiss Re through North American Reassurance, are operating on an all lines basis, though the home offices of many of the U. S. branches of foreign reinsurers are doing a life reinsurance business—some of it in this country.

Direct Basis "Traditional"

Life reinsurance traditionally has been handled on a direct basis between companies, though many brokers have now included these covers in their portfolio of services. One leading broker reports a considerable volume of life reinsurance—some of it on risks of American origin, but most originating in South America. The markets for this cover are the several life companies that actively solicit reinsurance, primarily in the foreign market.

The problems and opportunities that the all lines trend presents is receiving attention in the inner circle of reinsurer managements. However, it is of interest to note that not one professional reinsurer commented on this problem in its 1959 annual report.

It can be definitely stated that two of the very largest professional reinsurers are actively considering the formation of a life reinsurer—one may act before the year is over. Life reinsurance—like the direct life business—is highly competitive, and the reinsurers appear to be taking a long hard look before rushing in. However, they stated their position as a matter of fact, not as an excuse. The principal problem mentioned is the availability of personnel.

(The second part of Mr Daum's discussion will appear in a subsequent issue.)

Society Of CPCU Gives Facts In New Service

Society of CPCU is issuing a new bulletin of facts and highlights about the organization. The first issue reveals that approximately 52% of the holders of the designation are agents or brokers. About 41% are insurance company employes. The rest are largly corporate buyers, educators, association members, and lawyers.

The society now comprises 64 chapters, with 12 chapters having more than 50 members each. The largest is New York with 159 members.

The 297 persons who passed the last of their CPCU examinations in June represent 186 cities in 40 states. A total of 2,641 candidates sat for one or more CPCU examinations in 1960. About four out of five CPCUs are members of the society. The exact figure is 2,090 members or 84.2% of all designation holders.

Rejoins New Zealand

Leonard A. Wynkoop has resigned as casualty department manager of Oregon Automobile to rejoin New Zealand as state agent at Portland. He succeeds Jack Maynard who has joined the Portland agency of Jewett, Barton, Leavy & Kern.

Munley Advanced At Detroit

Continental Casualty has advanced Gerald H. Munley to manager of the liability production department at Detroit. He has been in sales.

Daum Wins Anglo-American Fellowship

The second annual Anglo-American fellowship, sponsored by Agency Managers Ltd., New York, and awarded under the auspices of school of Insurance Society of New York, has been won by Robert W. Daum Jr. of North America.

The fellowship competition is open to students of the school who are not over 35. Candidates are judged on character, personality, breadth of knowledge, understanding of reinsurance, and interest in the reinsurance field. Both oral interviews and written examinations are used to determine the outstanding candidate. The winner is selected solely by the school authorities who, additionally, establish the conditions for the fellowship competition.

A. Leslie Leonard, left, dean of the school of Insurance Society of New York, presents Anglo-American fellowship award to the 1960 winner, Robert W. Daum Jr. of North America.

The fellowship consists of a $1,750 donation by Agency Managers Ltd. to the society, from which the society pays the first class trans-Atlantic passage to and from London for the winner. Money over the cost of the fare becomes available to the society for other purposes it deems desirable. The expenses of the fellowship winner during his stay in England are borne by B. D. Cooke & Partners Ltd., London, the associate company of Agency Managers. Ben D. Cooke is chairman of the London firm and president of the American organization.

Counterpart In London

A counterpart of the fellowship, which is now in its second year, was begun this year in London. It was won by David F. Robson of the firm of Harris & Graham Ltd., London, who arrived in New York in August for a six weeks all expenses paid study of American insurance markets.

The purpose of the fellowships is to encourage greater interest in and better understanding of insurance and reinsurance problems and operations in both the American and British markets, according to Mr. Cooke.

Mr. Daum submitted an essay on multiple line reinsurance. To secure his material, he conducted a survey by questionnaire of the operations of hundreds of insurers. Most of them were sufficiently impressed by it to request, for their own information and use, copies of the completed essay. At the time he entered the competition for the fellowship, and until July, Mr. Daum was with North British.

Mr. Daum takes off for London via Pan American Sept. 23 for his visit to the British insurance market. At the end of that time Mrs. Daum will join him, and they will spend a two weeks holiday in France.

Plains Assigns Three In Texas, Neb., Mo., Fields

Three new special agents of Plains of Cimarron are L. H. Ponder for Texas, Erich Kuckuk for Missouri, and Thomas R. Sherwood for Nebraska. Mr. Ponder, who has been with Fireman's Fund, will work out of Dallas. Mr. Kuckuk has been with Federated Mutual of Owatonna, and he will operate from Kansas City. Mr. Sherwood was with Hawkeye-Security before going with Plains, and Orleans will be his headquarters.

Publish 1960 Fact Book

Insurance Information Institute in cooperation with National Board has published the 1960 Property Insurance Fact Book. The 36 page book contains historical background on fires, leading causes, fire frequency from 1942-1959, and statistics on losses, fatalities and catastrophes. Data on tropical storms, hurricanes and tornadoes is also included.

Single copies may be obtained from the publications editor of III, 60 John Street, New York 38, N. Y.

Howard A. Edstrom has joined Jones & Whitlock in charge of underwriting metropolitan New York inland marine business.

Barr Retires, Name New PR Chief Of Home Of Hawaii

Kenneth W. Barr, vice-president in charge of public relations and personnel of Home of Hawaii, is retiring after nearly 30 years with the company. On Aug. 26, he and Mrs. Barr left on a leisurely tour of the world. They expect to return in about two years to reside in Hawaii and in San Francisco.

McCord To Take Over

R. N. McCord, administrative assistant, will take over supervision of Home's public relations, advertising and personnel. In addition, he is responsible for head office building administration and services. R. T. Putnam, public relations assistant, and Mrs. Howard Ruggles, personnel assistant, will report to Mr. McCord.

Mr. Barr went to Hawaii 30 years ago and joined Mellen Associates, the first advertising agency in the islands. Home was the first account assigned to him. In 1932 he resigned as agency vice-president to become public relations director and production head of Home. In 1955 he was appointed vice-president.

Mr. McCord moved to Hawaii several months ago from Harrisburg, Pa., where he was executive assistant with Pennsylvania State Automobile Dealers Assn. Before that he was a Connecticut Mutual Life agent for five years.

Mr. Putnam joined Home a year ago. He handled advertising, sales promotion and other assignments with Canada Health & Accident for 10 years before he moved to Hawaii.

Set N. Y. CPCU Conferment

A. L. Kirkpatrick, manager of the insurance department of the U. S. Chamber of Commerce, will be the guest speaker at the conferment luncheon Oct. 20 of the New York chapter of CPCU.

Kunkel Is Kemper Junior Executive

Lawrence W. Kunkel, market research manager, has been appointed a junior executive of Kemper companies.

Kemper Earnings Up In First Half

The four companies of the Kemper group had premium income of $122,846,277 for the first six months, an increase over the same period of 1959 of $10,555,000. Underwriting earnings totaled $11,526,260, compared to $9,419,214 for the first half of 1959; investment earnings were $5,566,732 and $4,295,521 for the same two periods.

Dividends to policyholders amounted to $9,201,860.

Fire Causes $300,000 Damage

Total damage in excess of $300,000 was caused by fire at the Paladium bowling alleys at East St. Louis, Ill. The establishment is operated by Terry Moore, former St. Louis Cardinal baseball player.

Deplores Inequity Of 'Judge-Made' Law

(CONTINUED FROM PAGE 10)

to clients, they cannot say that any cause of action is a bad one.

At the trial level the word, "insurance" is considered "verboten," Mr. Harkavy continued. The trier of the facts, judge or jury, must not know whether or not any of the parties have insurance. The very mention of the word gives rise to a mistrial.

Questions Rule

Conversely, in a recent case in New Jersey, counsel for an insured defendant left the clear implication in his summation that the defendant was not insured. This was held to have been such an influencing factor upon the jury in rendering its verdict that the appellate division set the verdict aside and sent the matter back for retrial. Yet, in various cases wherein the courts upset long established doctrines of public policy, the courts have indicated that whether or not insurance was present was a factor to be considered.

Mr. Harkavy wonders if the rule is to be changed and if the question of "insurance or no insurance" is to be a factor at the trial level.

Insurers do not object to paying claims which fall within the purview of the coverage afforded by the policy in question. However, the essential condition precedent is the payment of premiums for the coverage afforded. When retrospective effects of judge-made law impose upon insurers (such as those who have covered hospitals for many, many years while the immunity law was in effect) the obligation to pay claims under policies where the amount of the premium paid was based on the then existing charitable immunity doctrine, the economic unfairness is evident.

Mr. Harkavy agrees that law can never be static. It must be developed to meet changing needs in a changing world. But, if the system of law is to have stability, its development must be an orderly process, in recognition of the principles which are the outgrowth of past precedents. When a principle of law no longer serves justice, it should be discarded. The law must reflect changes and remain current. However, the task can be done without judicial legislation. The legislation necessary to accomplish change is the sole responsibility of the legislative branch of government.

Proper Court Action

While courts should not legislate, they should recommend legislation, and should not sit by and see recommendations go unheeded. Mr. Harkavy referred to the excellent manner in which the court system in New Jersey functions under the careful eye of a court administrator and with the benefit of a judicial conference.

The rule creating the conference gives it, among other things, the obligation to consider and recommend legislation and to exchange ideas with respect to the improvement of the administration of justice.

Mr. Harkavy urged attorneys to conduct a campaign for the appointment of a court administrator and a judicial conference in their states. Just as American Bar Assn. has its legislative representatives in Washington, so should other national legal organizations have representatives at the national level to keep an eye on the situation and to emphasize need for new legislation.

On the local county and state level, bar associations should have legislative committees to augment the job of court administrators and the judicial conferences of their states. Mr. Harkavy advocated liaison between the administrator, the conference and the legislature of each state, buttressed by bar association representatives. Lobbying, when necessary, promotion of and participation in public hearings, and asserting an awareness of the need for current social legislative changes, coupled with a strong legislature, would be the answer to many problems, he concluded.

Oregon Mutual Names W. J. Sears President

William J. Sears has been named president of Oregon Mutual succeeding L. M. Waugaman, who has been named chairman. Mr. Sears, with the company since 1941, has been vice-president-actuary.

In other changes, Clark Booth has been appointed vice-president and secretary; C. H. Fierce, Los Angeles, resident vice-president; Leland Lapham, formerly assistant treasurer, vice-president, and George Orr, San Francisco, assistant secretary.

18% Premium Gain For Interstate F.&C. In 1960

Interstate Fire & Casualty and its affiliate, Chicago, in the six months ending June 30 had written premiums of $3,888,761, an increase of 18% over the same period of 1959. Earnings on an adjusted basis increased 52% to $281,514. Interstate F.&C. is managed by George F. Brown & Sons.

Reserve Has Good Six Months

Consolidated net profit after taxes of Reserve for the first six months totaled $225,294, equal to 80 cents a share, compared to 57 cents for the like period in 1959 after adjustment for an increase in number of shares in March of 1960. Underwriting profit was $93,795, with a combined loss and expense ratio of 91.1%. Surplus to policyholders was $1,778,678.

Horace Lorrance of Lebanon, Mo., has purchased the Lebanon agency, which has been operated by Mrs. Robert C. Fields.

National Union Has Better First Half

National Union reduced its underwriting loss in the first half of 1960 to $669,854 from $1,386,968 for the similar 1959 period. Premiums written were up by $1,319,863 to $25,079,904.

Investment income for the half was $1,491,771, up by 19% over the total at June 30, 1959. Capital stock equity per share was $58.32, an increase of $2.12 a share since Dec. 31, 1959.

Three New NAIIA Members

Brown Adjustment Co., Niles, O.; Sievers Adjustment Co., Greensville, Miss., and Southwest Claims Inc. of Albuquerque, have been admitted to membership in National Assn. of Independent Insurance Adjusters, bringing the total to 456.

Conflicting Decisions On "Severability"

(CONTINUED FROM PAGE 1)

curred during the fueling and sued Standard Oil. Transport's policy had the usual provisions of the basic automobile contract, including the "severability" clause. Since the accident arose out of loading the truck, there was no question about Standard Oil being covered as an "omnibus" insured, but Transport invoked the exclusion of liability for injury to any employe of the insured as a basis for denying coverage. The appellate court held that although previous Texas cases had established no coverage under those circumstances in that state, the "severability" clause changed the matter and made the exclusion apply only to the insured against whom the claim is made, which obviously was not Annis' employer.

The severability clause in the policy of Transport was identical with that used in most standard liability provisions today. It states "the term 'the insured' is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limits of the company's liability."

In reversing the case, the opinion of Justice Smith took the position that the "severability" clause does not say specifically that it restricts the application of "the insured" to "the insured against whom the claim is made"—although statements by the National Bureau of Casualty Underwriters and other organizations responsible for the policy changes in 1955 used these words in explaining its intent. The opinion states that the employe exclusion is not ambigous and that, if it had been intended that its effect should be limited as claimed the policy should have said so clearly.

Vigorous Dissent

A vigorous dissenting opinion by Justice Walker, in which Justice Griffin concurred, cites the General Aviation case, which was decided shortly before the reversal of the Standard Oil case; points out that all the cases which held that the employe exclusion applied under similar circumstances did not involve a "severability" clause and emphasizes that the clear purpose of the clause was to remove any doubt about coverage in such cases.

In the General Aviation case, Babis, an employe of Cincinnati Aircraft, left Cincinnati in a plane owned by his employer and insured by North America, on a business trip accompanied by Genne, an employe of General Aviation. An accident occurred while Genne was operating the plane and Babis was injured and sued Genne and General Aviation. North America's policy stated that the term "insured" included any person while using or riding in the aircraft and any person or organization legally responsible for its use, provided the use was with the permission of the named insured (Cincinnati Aircraft). It also contained the usual exclusion of liability for injury to an employe of the insured in the course of his employment and a "severability" clause identical with that commonly used in standard provisions and in the policy in the Standard Oil case. North America denied coverage and, with Babis' suit pending in the St. Louis County circuit court, brought a declaratory judgment action in the federal court, seeking an order that it was not required to provide coverage. Judge Weber held that the clear intent of the "severability" clause was to keep the employe exclusion from applying to this case and consequently the North America was required to provide coverage. Ironically, the opinion relies heavily upon the appellate court holding in the Standard Oil Case, cited there as Standard Oil Co. vs Transport Insurance, 324 S.W. (2nd) 331. The reversal of that case will undoubtely provide North America with a strong argument if it appeals the General Aviation case.

General Aviation Case

Another issue in the General Aviation case was whether the "omnibus" clause or "definition of insured" should apply to General Aviation and Genne at all. While the clause made the policy cover any person or corporation responsible for the use of the aircraft, it stated that it did not apply to "any manufacturer of aircraft, engines or aviation accessories, or any aviation sales or services or repair organization . . . or their respective employes or agents . . . with respect to any occurrence or accident arising out of the operation thereof." Judge Weber held that General Aviation, which sold aircraft supplies and equipment, was not an "aviation sales or services or repair organization" and hence that the limitation in the "omnibus" clause did not apply to it.

These two cases thus seem to put the liability insurance business, as far as coverage of a claim of an employe of one insured against another insured is concerned, back in the state of confusion which existed prior to 1955. They may result in agitation for revision of the "severability" provision.

Family Policy Not Affected

In all probability, the reversal in the Standard Oil case does not affect coverage under the family automobile policy and other contracts which use similar language. The family policy does not contain the same "severability" clause as most other liability contracts. Instead, it provides, at the end of the "persons insured" portion that "the insurance afforded . . . applies separately to each insured against whom claim is made or suit is brought." This seems to overcome the objection of the Texas supreme court that the intent is not clearly stated in the more common "severability" clause. Since the family policy is erstricted to individual insured, employe claims of the type involved in the two recent cases have not been particularly important under it. However, this feature of the family policy has been invoked frequently involving a claim made by the named insured against a member of his family or other person for damage to the named insured's property, arising out of operation of the automobile by that person with the named insured's permission.

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Dallas-Ft. Worth Buyers Conference Is Scheduled

The Dallas-Fort Worth chapter of American Society of Insurance Management next week will conduct its third annual conference on insurance management. Raymond C. Harrison, American Petrofina Co., president, will preside in the morning as talks are given by M. M. Zemek, Manufacturers Mutual Fire; Joseph M. Shelton of the Dallas law firm of Lyne, Blanchett, Smith & Shelton, and A. L. Lancaster, Travelers. The afternoon chairman will be C. B. Swanner, Mobil Oil Co., who will be in charge as talks are given by John F. Peters, Hartford Accident and K.J. Tapley, Kenneth Murchison & Co., and Jack Hertz, Southern Union Gas.

The meeting will close with a clinic in which four buyers will participate.

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Agents' And CPCU Classes Set By N. Y. Society

The school of Insurance Society of New York will begin a course Sept. 7 to prepare candidates for agents' or brokers' license examination in March, 1961, in New York and New Jersey.

The society will also begin a course Sept. 19 at Adelphi College for parts one and three of the CPCU program.

The society will also sponsor a class on the fire contract for company and agency employes starting Sept. 20 at Hempstead, N. Y.

Editorial Comment

The Values Of Defense Are Undersold

The values of expertness in the defense of insured (as well as the money value of it) has been sold very little if at all to insured, individually or as a group, by company or agent. The defense, even when successful, costs money, perhaps a great deal. But knowing what to do, when to do it and how can be of vast comfort to insured from the time of accident till claim is settled or the suit disposed of.

In two recent talks, attorneys have touched upon these values realistically and effectively: John A. Appleman of Urbana, Ill., speaking on circumstances creating liability in excess of policy limits, at the annual meeting of the insurance section of American Bar Assn., and Robert W. Miller, professor of law at Syracuse University, discussing tort trends and trial tactics at the annual convention of International Assn. of Insurance Counsel.

Mr. Appleman pointed out that the company shall defend any suit against the insured alleging injury, sickness, disease or destruction and seeking damages therefor, even if the suit is groundless, false or fraudulent. Also, the company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient.

By accepting the coverage and paying the premiums, the policyholder has agreed to these terms of the contract, Mr. Appleman observes. "Instead of settling the case or making his own arrangements to defend—since he is ordinarily woefully ignorant of the way in which these matters should be handled—he hires a professional to appear in his place and stead.

"That professional handles such cases all the time, it is in a better position to evaluate the questions of liability and of damages, it is personally familiar with capable trial counsel, and it has adequate resources with which to wage battle if battle is necessary."

Mr. Miller, noting that 6,000 to 7,000 tort cases appear each year in the advance sheets, indicates that many of the actions reaching the courthouse should never have gotten there. Groundless suits swell the volume of litigation, increase court congestion and impose severe financial burdens upon those without an insurer to turn to, he observed.

The values of the defense provision of liability policies are strikingly illustrated by the examples of "groundless suits" that he cites.

An insurer had the client of an attorney physically examined without the knowledge or consent of his attorney. The latter demanded $3 million damages from the insurer, not for his client but for himself.

A motorist was involved in an auto mishap in which the brain of a three year old boy was damaged. Seven years later the boy, now 10, shot the plaintiff with a rifle. The motorist was sued for damages and had to defend himself through appeal.

An employer tried to help an employe with an alcohol problem. While the employer was away on vacation, the employe took his own car, bought and consumed liquor, and injured the plaintiff while driving home. Plaintiff sued the employer (and appealed the case) principally because the employe was judgment proof and carried no automobile insurance.

A parent sued the school district after his six-year-old son became indisposed at school and the school telephoned to have someone come get him. Another son, 11 years old, took the message. While bringing his ill brother home, the 11-year-old lost control of the bicycle on which both were riding, and the older boy was injured. After adverse judgment, the parent appealed.

A girl in college committed suicide. Her father sued a professor of education who was director of student personnel services, primarily because, being aware of the daughter's emotional disturbance and personal problems, he failed to secure emergency psychiatric treatment for her.

An adult in full possession of his mental faculties jumped into water 10 feet deep and drowned. A man was sued for negligently "urging, enticing, taunting and inveigling" the dead man to make the jump. The case went to the state's highest court, which found it "completely without merit."

This ever growing suit consciousness of the public underlines the importance of proper coverage, Mr. Miller averred—not simply for protection against ruinous judgments but for defense against groundless actions.—K.O.F.

Deaths

T. J. McCOMB, 84, first commissioner of Oklahoma, died at Oklahoma City. He moved to Oklahoma from Texas in 1900, and organized and served as first president of Oklahoma Assn. of Life Underwriters before Oklahoma became a state. Mr. McComb ran for commissioner at the urging of his friends in the insurance business, but he declined to run for a second term. He wrote the insurance provision in the state constitution.

JOHN H. CARLSON, 64, New York City broker, died in the hospital at Greenwich, Conn.

OSCAR S. ROME, 54, a broker of Stewart, Kessberger & Lederer general agency of Chicago, died while on vacation in Fitchburg, Mass., his birthplace. In the insurance business about 25 years, he was at one time manager of the life department of Associated Agencies of Chicago.

LAWRENCE C. SHEARER, 65, who operated the Shearer agency at Benton Harbor, Mich., until his retirement last Dec. 31, died at his home near Coloma, Mich.

V. L. SHARPE, 74, retired vice-president of Michigan Surety, died at Lake Worth, Fla., after a brief illness. Mr. Sharpe was with National Surety at Detroit before he joined Michigan Surety.

JEAN E. CHARBONNEL, retired manager for indemnity operations at Seattle of Fireman's Fund, died of a heart attack at Colville, Wash. He joined the Fund at Seattle in 1930 and was manager of casualty operations until his retirement in 1946.

ALLEN C. GUY, retired regional supervisor of Ohio for Western Adjustment, whose death was reported two weeks ago, was one of the best known personalities on the Ohio insurance scene. He was widely known among agents for his numerous appearances as a speaker at conventions and educational meetings. Among the field men he had the title of "Mr. "Publics Relations," and in 1953 was awarded the Caldwell memorial trophy of the field organizations for his preeminence in this activity. He was a PMLG of Ohio Blue Goose and was a familiar figure at many of the gatherings of the Grand Nest.

In his early years, Mr. Guy was with the Pennsylvania railroad as claim agent. Later he was in the private practice of law and subsequently he was a casualty adjuster with Employers Liability at Cincinnati. He joined Western at Cincinnati in 1920 and was made manager at Columbus in 1928. His responsibility was extended to all of Ohio in 1937. He retired in February, 1959.

Mrs. EMMA SIMON, 80, mother of Edwin P. Simon of Critchell-Miller general agency and a former president of Chicago Board of Underwriters, died in a convalescent home near Des Plaines, Ill.

JOHN J. NANGLE Sr., 69, chairman of Utilities of St. Louis, died at Des Moines while attending a farm conference with leaders of the Democratic party. Mr. Nangle was also president of Preferred Fire of Topeka and was a former Democratic national committeeman from Missouri. His three sons are all in the insurance business—John J. Nangle Jr. is president of Utilities, Richard P. Nangle is with General American Life, and Thomas G. Nangle is a vice-president of Preferred Fire.

Mr. Nangle was prominently identified with Democratic party politics for many years. From 1933 to 1942 he was treasurer of the state committee and served as national committeeman from Missouri 1948 to 1952 when he succeeded the late postmaster general R. E. Hannegan. He was a personal friend of former President Harry S. Truman and was one of the early supporters for President of Adlai Stevenson.

HANS T. DAHL, 69, head of H. T. Dahl & Co., independent adjusters of Chicago, died at Evanston Hospital. He had been in insurance for more than 50 years and had operated Dahl & Co. since 1938. He had returned to his office in July after an absence for illness of three months.

JOSEPH A. GAUER, 70, who retired in 1958 as superintendent of the brokerage department of Hartford Fire in the western department at Chicago, died in Resurrection Hospital there. At the time of his retirement, he had been with the company 51 years.

Air France Plane Hull Value Over $1 Million

The Air France four-engine Lockheed Constellation, which crashed at Dakar, Senegal, on a flight from Paris, was believed to be insured in the London market. The hull was valued at between $1 million and $1,250,000.

MV Chief To Speak In L. A.

Speaker at the Sept. 13 meeting of Insurance Assn. of Los Angeles will be Robert McCarthy, director of the state department of motor vehicles. His subject will be workings of the motor vehicle department with relation to the safe driver insurance plan. Among the matters he is expected to bring out are the effect of the plan, if any, on taffic violations and the over-all work of the safe driver plan from the viewpoint of the motor vehicle department.

To Push UJF Bill In Ohio

COLUMBUS—An unsatisfied judgment fund bill will be sponsored in the 1961 Ohio legislature by Sen. Carney of Youngstown, who said his proposal will be patterned after the laws in New Jersey and Maryland.

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EDITORIAL OFFICE
17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor
Eugene G. Downey and Jud Higgins, Assistant Editors

CHICAGO EDITORIAL OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. Wabash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Richard G. Ebel, William Faltysek and R. R. Cuscaden, Assistant Editors
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Breslin, Gaynor, Others Named In Changes By Metropolitan Of Chicago

Metropolitan of Chicago has elected John X. Breslin vice-president and appointed Robert Gaynor agency director. In other changes, Daniel Whiteford was named superintendent of underwriting; Howard Haywood becomes superintendent of claims under the supervision of Robert L. Brody, vice-president; Paul Paczolt was appointed comptroller; and Herbert Howell is now administrative assistant to the president. In addition to his position as president, John Fahrenbach was elected treasurer, replacing George F. Connors Jr., resigned.

Mr. Gaynor has been Kansas-western Missouri manager of Phoenix-London group and prior to that was with Security-Connecticut group. He began his insurance career in the local agency business.

The other appointments represent promotions from within the company. Prior to his election as vice-president, Mr. Breslin had served as assistant to the president; Mr. Whiteford was senior underwriter; Mr. Haywood was an assistant claim supervisor; Mr. Paczolt was chief accountant, and Mr. Howell was office manager.

Continue Study Of Merger For New Amsterdam Cas.

(CONTINUED FROM PAGE 1)

the discussions with representatives of F.&D. be continued.

Comparing the relative merits of Security and F.&D., Mr. Nelson stressed the need of New Amsterdam for additional capital funds to keep step with premium income growth.

"It appears on their respective 1959 year-end reports that the combined capital and surplus of Security (consolidated statement) was slightly over $14 million, whereas the figure for F.&D. on the same basis exceeded $48 million. This factor, plus the continous and able management of F.&D. and its long history of continuous underwriting profits, has caused us to wish to look carefully into that situation before discussing with you any other alternatives," Mr. Nelson's letter stated.

In expectation of a probable merger with one or the other of the two companies, the stock of New Amsterdam has moved up in recent months from the 43-45 area to around 54-56. Security, in spite of excellent first half figures, is about four points off its high of 56 for the year. According to analysts of the stock in New York, the drop is the effect of expectation that the supply of Security stock would increase if a new issue were floated to finance the acquisition of New Amsterdam. Aslo, the market values of two candidates mentioned for a merger tend to approach each other.

This arbitraging effect has not yet been seen in the case of F.&D., however. The stock of that company is up about five points to 50-51 since the beginning of the year.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, Aug. 30, 1960

	Bid	Asked
Aetna Casualty	87½	89½
Aetna Fire	86½	88
American Equitable	43	44½
American, Newark	29¼	30¼
American Motorists	14	15
Boston	34½	35½
Continental Casualty	77	78½
Crum & Forster	64¼	66
Federal	61	62½
Fireman's Fund	52½	53½
General Re.	122	126
Glens Falls	38	39
Great American	47¾	49
Hartford Fire	51½	53
Hanover	44½	46
Home of N. Y.	62	63
Ins. Co. of No.. America	67½	69
Jersey Ins.	33	34½
Maryland Casualty	38	39
Mass. Bonding	41	43
National Fire	120	125
National Union	38½	40
New Amsterdam Cas.	53½	54½
New Hampshire	54	56
North River	40	41½
Ohio Casualty	23½	25
Phoenix, Conn.	80	82
Prov. Wash.	23½	24½
Reins. Corp. of N. Y.	22½	23½
Reliance	54½	55½
St. Paul F. & M.	58½	59½
Springfield F. & M.	33¼	34¼
Standard Accident	49½	51
Travelers	87½	88½
U. S. F. & G.	42	43
U. S. Fire	29	30

Denver Insurance Stock Adviser Charged By SEC

Securities & Exchange Commission on Aug. 17 filed suit in U. S. district court at Denver against Insurance Stock Advisory Service charging that this company was practicing a "fraud and deceit upon its clients."

The president, or former president, is Robert C. Allen, author of a book entitled "How to Build a Fortune and Save on Taxes."

It is alleged by SEC that Insurance Stock Advisory Service, with headquarters at 3600 East 40th Avenue, Denver, charged insurance companies for recommending their stock to prospective purchasers. This organization also sells a bulletin, specializing in life companies, with recommendations as to what should be done with each of more than 100 stocks.

SEC seeks a preliminary injunction and final judgment against Insurance Stock Advisory Service and hearing has been set for Sept. 16.

Pacific Indemnity Plans 3 For 1 Stock Split

Directors of Pacific Indemnity have approved a three-for-one split of the outstanding shares. The proposed split would be accompanied by a change in the par value from $10 to $3.33.

Rocky Mountain Conferment Sept. 2

Rocky Mountain CPCUs will hold their annual seminar and conferment Sept. 23 at Denver. The seminar program will cover the insurance needs and problems of contractors, including bonds, property and liability insurance.

American Road, the Ford Motor Co. insurer, has been licensed in Georgia and now is admitted to 12 states and the District of Columbia.

O'Mahoney Shows What He Wants In A Rating Bill

(CONTINUED FROM PAGE 1)

neither directly nor indirectly would the bill attempt to compel membership. Furthermore, the bill would prevent rating organizations from adopting any rules or engaging in any practices requiring either members or subscribers to agree to adhere to the rates filed, Sen. O'Mahoney declared.

While an insurer may satisfy its obligations to make rate filings by becoming a member of subscriber of a rating organization, any such member or subscriber may make its own independent rate filings for any kind of insurance or subdivision or class of risk or a part or combination of such kind, subdivision or class. One section of the bill specifically provides that a rating organization shall have authority to make a filing on behalf of any member or subscriber only where specifically authorized in writing. Therefore, if a member or subscriber does not so authorize a bureau, the insurer, whether a member or subscriber to such a rating organization, may then make its own independent filing.

No Deviation Section

There is no need for a deviation section. The bill resolves the question of deviation by eliminating provisions which made deviation necessary. Members or subscribers have authority to withold authorization from the rating bureau to make rate filings and to file independent rates. Further, under such an approach there is no need for a minority appeals section. While under the all-industry rate bills the minority appeals section was intended to provide another avenue for competition, it has in effect become obsolete and has seldom been utilized, Sen. O'Mahoney said.

Under the measure, rates become effective immediately on filing, with no prior approval.

Insures Future Action

Sen. O'Mahoney declared that although he seeks no action on the measure at the session of Congress terminating this weekend, he thought that interest in the subject dictated introduction of the bill so that Congress and the public may know the conclusions arrived at in the rating studies. To insure future action on the measure, Sen. O'Mahoney has as cosponsors of his bill Sen. Kefauver, chairman of the anti-trust subcommittee; Sen. Bible, chairman of the district committee to which the bill will be referred, and Sen. Morse, second ranking member of the latter committee, all of whom presumably will be in the next Congress, since the last two are not up for reelection and Sen. Kefauver is expected to win in Tennessee.

Connors Joins LaSalle Cas. As Underwriting Manager

George F. Connors Jr. has joined La Salle Casualty of Chicago as underwriting manager.

G. F. Connors Jr.

Mr. Connors has been vice-president and treasurer of Metropolitan of Chicago. He was underwriting manager of Metropolitan for 14 years, and was an officer for the past two years.

Mr. Connors started in insurance in 1939 with Maryland Casualty at Chicago. He went with National Fire in 1942 as a farm examiner, and in 1945 he joined Allied Agency.

Thomas Parker has been appointed director of agencies of LaSalle Casualty. He has been underwriting manager for two years, and was formerly with the Illinois department.

Program Completed For U. Of Wis. Seminar

(CONTINUED FROM PAGE 1)

tions to the financial problems of weak companies and will reexamine the structure of insurance supervision for protecting the public interest involved in such liquidations.

The second day will be devoted to rate regulation, and a series of five papers will be presented by the representatives of the mutual, stock, and independent companies and organizations, as well as a representative of National Assn. of Insurance Commissioners and the federal government. James B. Donovan, Watters & Donovan, will present the case for the stock companies; Franklin J. Marryott, vice-president and general counsel Liberty Mutual, the mutual companies, and W. Perry Epes, associate counsel North America, the case of one independent company.

Director Joseph S. Gerber of Illinois, who has been holding hearings on rate supervision, and Donald P. McHugh, counsel Senate subcommittee on anti-trust and monopoly, will present papers.

The final session will be handled by Jerome Pollack, program consultant UAW-CIO, and Edwin J. Faulkner, president Woodmen Accident & Life, who will discuss what role the government should play in the field of health insurance.

Adequate housing facilities are available to accommodate a limited registration.The fee for the two-day conference including some of the meals but excluding housing is $50. All reservations should be sent to Dean Erwin A. Gaumnitz, School of Commerce, University of Wisconsin, Madison 6.